



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

OFFICE OF THE SPEAKER	
Date:	9/29/95
Time:	12:25 PM
Received By:	[Signature]
Print Name:	Don Parkinson

SEP 29 1995

**REFER TO
LEGISLATIVE SECRETARY**

The Honorable Don Parkinson
Speaker
Twenty-Third Guam Legislature
424 West O'Brien Drive
Julale Center - Suite 222
Agana, Guam 96910

Dear Speaker Parkinson:

Enclosed please find a copy of Bill No. 176 (LS), "AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES", which I have signed into law today as **Public Law No. 23-40.**

This approval of Amendment II reflects the original agreement endorsed by the Guam Power Authority and the Navy, with some minor changes. It should be noted, however, that the actual title of the agreement approved by the Legislature is "**Customer Agreement**", and not "**Customer Service Agreement**", as stated in the bill.

Very truly yours,

Carl T. C. Gutierrez

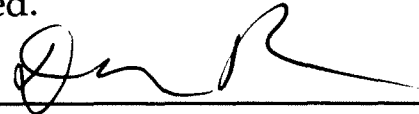
Attachment
230640

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By:	[Signature]
Time:	12:25 PM
Date:	9-29-95

TWENTY-THIRD GUAM LEGISLATURE
1995 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Bill No. 176 (LS), "AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES," was on the 19th day of September, 1995, duly and regularly passed.



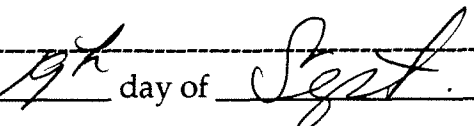
DON PARKINSON
Speaker

Attested:



JUDITH WON PAT-BORJA
Senator and Legislative Secretary

This Act was received by the Governor this 19th day of Sept., 1995, at 6:15 o'clock P.M.



Assistant Staff Officer
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ
Governor of Guam

Date: 9-29-95

Public Law No. 23-40

TWENTY THIRD GUAM LEGISLATURE
1995 (FIRST) REGULAR SESSION

Bill No. 176 (LS)

Introduced By:

D. Parkinson
S. L. Orsini
F. P. Camacho

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

AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND

TRANSFERS ADDITIONAL LANDS AND ALLOWS
FOR FUTURE TRANSFERS OF FACILITIES.

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

2 **Section 1. Legislative findings and intent.** The Legislature finds
3 pursuant to the provisions of Section 4 of Public Law 21-112, any changes to
4 the Customer Service Agreement between the Guam Power Authority and
5 the U.S. Navy must be approved by the Legislature and the Public Utilities
6 Commission. The Legislature further finds that the U. S. Navy and GPA have
7 agreed to amend the Customer Service Agreement pursuant to Section 15.1
8 of the Customer Service Agreement.

9 **WHEREAS**, Section 111 of Public Law 100-202 authorizes the Navy
10 to transfer to GPA, Navy-owned electric power generation,
11 transmission, and distribution facilities and equipment specified in Table
12 3 of the Agreement; and

13 **WHEREAS**, such transfer may be made when GPA meets all
14 performance standards listed in the August 1986 independent third party
15 plan (which standards are contained in Appendix "A" to the Agreement),
16 or other performance standards mutually agreed upon by GPA and
17 Navy; and

18 **WHEREAS**, the independent third party evaluation for fiscal year
19 1993 concluded that all but one of the performance standards were met;
20 and

21 **WHEREAS**, GPA and Navy recognize that the environmental
22 remedial actions required by Section 3.10 of the Agreement (added by
23 Amendment I) and any other applicable federal law may be a lengthy

1 process, thereby delaying the final transfer of Navy-owned real
2 property; and

3 **WHEREAS**, at the termination of the interim period, GPA may be
4 incapable of assuming some of the services currently provided by Navy
5 under Section 3.5 of the Agreement.

6 **Section 2.** The GPA and Navy agree that Customer Service Agreement
7 should be amended with a new subsection added to section 3.3 to read as
8 follows:

9 "3.3.1 GPA will assume all rights and duties of ownership of
10 the joint use real property assets upon termination of the interim
11 period and will pay no fee therefor, reserving unto Navy the right
12 to continued use of easements, licenses, accesses, and other
13 property transfer documents. Real estate documents such as deeds
14 and easements which are necessary to convey title to Navy-owned
15 joint use assets will be prepared and executed upon their
16 certification in accordance with section 3.10 an as soon as
17 practicable after the termination of the interim period."

18 **Section 3.** Section 3.2 of the Customer Service Agreement is amended
19 to read:

20 "3.2. At the termination of the interim period, Navy has no
21 further obligation to provide the interim period services to the
22 IWPS as described under this Article. Upon written agreement
23 between the parties, Navy may agree to continue to provide
24 individual services as listed under section 3.5 until GPA is capable of
25 providing them independently."

26 **Section 4.** Section 3.8 of the Customer Service Agreement will be
27 amended to read:

1 "3.8. At the termination of the interim period, Navy has no
2 further obligation to provide the interim period services to the
3 IWPS as described under this Article. Upon written agreement
4 between the parties, Navy may agree to continue to provide
5 individual services as listed under section 3.5 until GPA is capable of
6 providing them independently."

7 **Section 5.** The first paragraph of section 7.4 of the Customer Service
8 Agreement is amended by deleting "7.4.3" and inserting "7.4.4" in its place.

9 **Section 6.** A new subsection 7.4.4 is added to the Customer Service
10 Agreement to read:

11 "7.4.4 Navy and GPA mutually agree that GPA assume
12 responsibility for the IWPS whether or not all the performance
13 standards have been met under the following conditions:

14 That GPA fully complies with a substantial number of the
15 performance standards contained in Appendix A;

16 That GPA substantially complies with the remaining
17 performance standards; and,

18 That the termination of the interim period is in the best
19 interests of Navy and GPA considering the present and the future
20 ability of GPA to operate the IWPS."

21 **Section 7.** Table 3 of the Customer Service Agreement is amended by
22 adding the following:

23 "27. The land designated as the Apra Heights Substation
24 property.

25 28. The land and easements used by the Cabras-Agana 115 kv
26 transmission lines."

1 **Section 8.** A new subsection 9.7 is added to Article 9 of the Customer
2 Service Agreement to read:

3 "9.7 In addition to the 13.8 kv facilities to be transferred in
4 accordance with Article 9.6, GPA and Navy mutually agree to
5 transfer from time-to-time other Navy electrical power facilities
6 the Navy considers excess to their needs and GPA agrees are useful
7 to its customers."

8 **Section 9.** All other provisions of the Customer Service Agreement
9 shall remain in force and effect to the extent modified by this amendment.

10 **Section 10.** Notwithstanding any other points of law, and the
11 Amendment having been requested by the Navy and agreed to by GPA, and
12 when approved by the Public Utilities Commission, the action requested
13 herein is approved and will be in effect when this Act is signed into law.

TWENTY-THIRD GUAM LEGISLATURE

1995 (FIRST) Regular Session

Date: 9/19/95

VOTING SHEET

Bill No. 176

Resolution No. _____

Question: _____

NAME	AYE	NO	NOT VOTING/ ABSTAINED	ABSENT/ OUT DURING ROLL CALL
ADA, Thomas C.	✓			
AGUON, John P.	✓			
BARRETT-ANDERSON, Elizabeth	✓			
BLAZ, Anthony C.	✓			
BROWN, Joanne S.	✓			
CAMACHO, Felix P.	✓			
CHARFAUROS, Mark C	✓			
CRISTOBAL, Hope A.	✓			
FORBES, MARK	✓			
LAMORENA, Alberto C., V	✓			
LEON GUERRERO, Carlotta	✓			
LEON GUERRERO, Lou	✓			
NELSON, Ted S.	✓			
ORSINI, Sonny L.	✓			
PANGELINAN, Vicente C	✓			
PARKINSON, Don	✓			
SAN AGUSTIN, Joe T.	✓			
SANTOS, Angel L. G.	✓			
SANTOS, Francis E.	✓			
UNPINGCO, Antonio R.	✓			
WONPAT-BORJA, Judith	✓			

TOTAL 21 0 0 0

PL 23-40

SPEAKER DON PARKINSON
 23RD GUAM LEGISLATURE
 424 W. O'BRIEN DRIVE - JULALE CENTER, SUITE 222
 AGANA, GUAM 96910

SPEAKER and CHAIRPERSON, COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION

June 8, 1995

Senator Judith Won Pat-Borja
 Legislative Secretary
 23rd Guam Legislature
 Temporary Building
 155 Hesler St.
 Agana, Guam 96910


Dear Senator Won Pat-Borja,

The Committee on Electrical Power and Consumer Protection wishes to report out its findings on Bill No. 176: AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES. The Committee's Voting Record is as follows:

TO PASS:	<u>6</u>
NOT TO PASS:	<u>0</u>
ABSTAIN:	<u>1</u>
TO PLACE IN INACTIVE FILE:	<u>0</u>

A copy of the Committee Report and other pertinent information are attached for your information.

Sincerely,


 Speaker Don Parkinson
 Chairman, Committee on
 Electrical Power and
 Consumer Protection

SPEAKER DON PARKINSON
 23RD GUAM LEGISLATURE
 424 W. O'BRIEN DRIVE - JULALE CENTER, SUITE 222
 AGANA, GUAM 96910

SPEAKER and CHAIRPERSON, COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION

VOTING SHEET ON:

BILL NO. 176: AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES.

<u>COMMITTEE MEMBERS</u>	<u>INITIAL</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>ABSTAIN</u>	<u>TO PLACE IN INACTIVE FILE</u>
Speaker Don Parkinson	<i>D</i>	✓			
Sen. Joe T. San Agustin					
Sen. Elizabeth Barrett-Anderson	<i>EB</i>			✓	
Sen. Anthony C. Blaz	<i>M</i>	✓			
Sen. Felix P. Camacho	<i>F</i>	✓			
Sen. Sonny L. Orsini	<i>S</i>	✓			
Sen. Francis E. Santos	<i>F</i>	✓			
Sen. Antonio R. Unpingco	<i>A</i>	✓			

SPEAKER DON PARKINSON
 23RD GUAM LEGISLATURE
 424 W. O'BRIEN DRIVE - JULALE CENTER, SUITE 222
 AGANA, GUAM 96910

SPEAKER and CHAIRPERSON, COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION

REPORT OF THE COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION ON BILL NO. 176: AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES.

PREFACE

The Committee on Electrical Power and Consumer Protection held a public hearing on March 31, 1995, at 1:00 p.m. in the Legislative Public Hearing Room at the Guam Legislature, Temporary Building in Agana to hear testimony on Bill No. 176: AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES. Committee members present at the hearing were Speaker Don Parkinson, Chairperson, and members Senators Anthony C. Blaz, Felix P. Camacho, Francis E. Santos and Antonio R. Unpingco.

TESTIMONY

Written testimony in favor of Bill No. 176 was submitted to the Committee on Electrical Power and Consumer Protection by the following individuals: Mr. Austin J. Shelton, Acting General Manager, Guam Power Authority; Mr. Terrance M. Brooks, Chairman, Public Utilities Commission (PUC), and Captain G.M. Craft, Commanding Officer, U.S. Navy Public Works Center. Additionally, Governor Carl T.C. Gutierrez submitted to the Legislature a letter of concurrence (Exhibit J) with the GPA Board of Directors recommendation to approve the Amendment. Appearing before the Committee to give oral testimony was Mr. Austin J. Shelton, Acting General Manager, Guam Power Authority. Also present to give additional information regarding the Customer Service Agreement, Amendment II were Mr. Oliver Wood and Mr. Rick Unpingco of the Guam Power Authority.

The Public Utilities Commission had previously given its order to approve the CSA Amendment II on March 1, 1995 (Exhibit E). The Commission as well as its consultant, the Georgetown Consulting Group, were in full support of the Amendment (Exhibit G). Captain G.M. Craft, Commanding Officer of the Navy Public Works Center, stated in his written testimony (Exhibit I) that the Navy fully supported the Amendment and that the approval of the Amendment was a critical step forward in achieving the goals set forth in the CSA.

GPA Acting General Manager Mr. Austin J. Shelton stated in his written testimony (Exhibit J) that the approval of the Amendment would speed up the turn over of the Navy's power generating facilities over to GPA. GPA acknowledges that it could not meet all the requirements of the CSA for the turn over of the assets however, the Navy wants to get out of

the power generating business. This Amendment would relax the conditions for turnover and GPA would assume use of the facilities. As is being done at the Naval Air Station, turnover would occur and the Navy would still be obligated to clean up any contamination on the sites slated for turnover. GPA further states that they are able to produce power more efficiently than the Navy. At this time, GPA is a customer of the Navy, incurring the monthly cost of generation being provided by the Navy. GPA currently reimburses the Navy for the cost of running the Piti power plant. The Navy now feels that they have no business being in the power generating business and seeks approval of the Amendment.

The 1995 Base Closure and Realignment Commission (BRAC), after the March hearing in San Francisco, added the Navy's Piti Power Plant in the listing of Guam Naval facilities to be closed or turned over to the Government of Guam. The eventual turnover of the Navy's Piti Power Plant is currently part of the assets to be turned over to the Guam Power Authority upon the termination of the Interim Period of the Customer Service Agreement. The addition of the Navy's Piti Power Plant by in the BRAC process necessitates that the Customer Service Agreement be amended in order to expedite the acceleration of the termination of the Interim Period of the Customer Service Agreement. The passage of Bill No. 176 will accomplish this and will result termination of the Power Pool Agreement which will provide the Guam Power Authority with significant savings. Mr. Shelton stated that with the progress that has been made to achieve these changes to the CSA, now would be the best time to get this approved. The Navy officials who are currently involved in these negotiations are well versed in the situation. Captain Craft and his superiors are prepared to sign off on this agreement at this

time. To further stall the approval of the Amendment would mean starting from scratch with any new Navy personnel who may enter the picture.

FINDINGS AND RECOMMENDATIONS

The Committee on Electrical Power and Consumer Protection finds that it is in the best interest of the Guam Power Authority, the U.S. Navy, and ultimately the people of Guam that the approval of Amendment II of the Customer Service Agreement be approved by this Legislature. The Navy and GPA are in full agreement of the changes to the Amendment. The Public Utilities Commission, as well as the Governor have reviewed the Amendment and concur that this Amendment should be passed. The Committee finds no reason why this Bill No. 176 should not be passed by this Legislature.

Accordingly, based on the testimonies presented before the Committee on Electrical Power and Consumer Protection **the Committee recommends that the Twenty-Third Guam Legislature pass Bill No. 176: AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES**

Attachments: Exhibit 'A': Committee on Rules referral of Bill No. 176
Exhibit 'B': BBMR Fiscal Note for Bill No. 176
Exhibit 'C': Amendment II to Customer Service Agreement (CSA)
Exhibit 'D': Customer Service Agreement (CSA)
Exhibit 'E': Public Utilities Commission (PUC) Order approving Amendment II to CSA.
Exhibit 'F': Testimony of Mr. Terrance Brooks, Chairman, PUC, regarding Bill No. 176.
Exhibit 'G': Letter to Mr. Ray Camacho, GM, GPA, from PUC regarding Amendment II to CSA dated Feb. 21, 1995.
Exhibit 'H': Letter to Mr. Ray Camacho, GM, GPA, from Capt. G.M. Craft, CO, U.S. Navy Public Works Center regarding Amendment II to CSA dated Jan. 11, 1995.
Exhibit 'I': Testimony of Capt. G.M. Craft, C.O., U.S. Navy Public Works Center regarding Bill No. 176.
Exhibit 'J': Testimony of Mr. Austin J. Shelton, Acting GM, GPA, regarding Bill No. 176.
Exhibit 'K': Committee o Rules referral of Governor's Message regarding the approval of Amendment II to the CSA.
Exhibit 'L': Executive Summary by Ernst and Young: Evaluation of GPA's Performance Against Financial, Management and Service Criteria for FY Ending September 30, 1993.
Exhibit 'M': Witness Sign-In Sheet for Bill No. 176.
Exhibit 'N': Public Hearing Notice, March 31, 1995.



COMMITTEE ON RULES

Twenty-Third Guam Legislature
155 Hesler St., Agana, Guam 96910

March 22, 1995

MEMORANDUM

TO: Chairperson, Committee on Electrical Power and
Consumer Protection

FROM: Chairman, Committee on Rules

SUBJECT: Referral - Bill No. 176

The above Bill is referred to your Committee as the principal committee. Please note that the referral is subject to ratification by the Committee on Rules at its next meeting. It is recommended you schedule a public hearing at your earliest convenience.



SONNY LUJAN ORSINI

Attachment

**TWENTY THIRD GUAM LEGISLATURE
1995 (FIRST) REGULAR SESSION**

Bill No. 176
Introduced By:

D. Parkinson

[Handwritten signatures and initials]
FPC Amacho
ACBLA
2.C.C.R.
Catalita Leon-Correa

AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES

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

2 **Section 1. Legislative findings and intent.** The Legislature finds pursuant to the
3 provisions of Public Law 21-112, Section 4 any changes to the Customer Service
4 Agreement between the Guam Power Authority and the U. S. Navy must be approved by
5 the Legislature and the Public Utilities Commission. The Legislature further finds that the
6 U. S. Navy and GPA have agreed to amend the CSA pursuant to Section 15.1 of the
7 CSA.

8 **WHEREAS**, Section 111 of Public Law 100-202 authorizes the Navy to transfer
9 to GPA, Navy owned electric power generation, transmission and distribution facilities
10 and equipment specified in Table 3 of the Agreement; and

11 **WHEREAS**, such transfer made be made when GPA meets all performance
12 standards listed in the August, 1986 independent third party plan, (which standards are
13 contained in Appendix "A" to the Agreement) or other performance standards mutually
14 agreed upon by GPA and Navy; and

1 WHEREAS, the independent third party evaluation for fiscal year 1993 concluded
2 that all but one of the performance standards were met; and

3 WHEREAS, GPA and Navy recognize that the environmental remedial actions
4 required by Section 3.10 of the Agreement (added by Amendment I) and any other
5 applicable federal law may be a lengthy process, thereby delaying the final transfer of
6 Navy owned real property; and

7 WHEREAS, at the termination of the interim period, GPA may be incapable of
8 assuming some of the services currently provided by Navy under Section 3.5 of the
9 Agreement.

10 Section 2. The GPA and Navy agree that Customer Service Agreement should be
11 amended with a new subsection added to section 3.3 to read as follows:

12 “3.3.1 GPA will assume all rights and duties of ownership of the joint use
13 real property assets upon termination of the interim period and will pay no fee
14 therefore, reserving unto Navy the right to continued use of easements, licenses,
15 accesses, and other property transfer documents. Real estate documents such as
16 deeds and easements which are necessary to convey title to Navy-owned joint use
17 assets will be prepared and executed upon their certification in accordance with
18 section 3.10 an as soon as practicable after the termination of the interim period.”
19

20
21 Section 3. Section 3.2 is amended to read:

22 “3.2. At the termination of the interim period, Navy has no further
23 obligation to provide the interim period services to the IWPS as described under
24 this Article. Upon written agreement between the parties, Navy may agree to
25 continue to provide individual services as listed under section 3.5 until GPA is
26 capable of providing them independently.”
27
28

1 **Section 4.** Section 3.8 will be amended to read:
2

3 “3.8. At the termination of the interim period, Navy has no further
4 obligation to provide the interim period services to the IWPS as described under
5 this Article. Upon written agreement between the parties, Navy may agree to
6 continue to provide individual services as listed under section 3.5 until GPA is
7 capable of providing them independently.”
8

9 **Section 5.** Section 7.4 is amended by deleting “7.4.3” and inserting “7.4.4” in
10 the first paragraph.
11

12 **Section 6.** A new Subsection 7.4.4 is added and reads:

13 “7.4.4 Navy and GPA mutually agree that GPA assume responsibility for
14 the IWPS whether or not all the performance standards have been met under the
15 following conditions:

16 That GPA fully complies with a substantial number of the
17 performance standards contained in Appendix A;

18 That GPA substantially complies with the remaining performance
19 standards; and,

20 That the termination of the interim period is in the best interests of
21 Navy and GPA considering the present and the future ability of GPA to
22 operate the IWPS.”

23 **Section 7.** Table 3 is amended to add the following:
24

1 “27. The land designated as the Apra Heights Substation property.”

2 “28. The land and easements used by the Cabras-Agana 115 kv
3 transmission lines.”

4

5 **Section 8.** A new subsection 9.7 is added to Article 9 that reads:

6 “9.7 In addition to the 13.8 kv facilities to be transferred in accordance
7 with Article 9.6, GPA and Navy mutually agree to transfer from time-to-time other
8 Navy electrical power facilities the Navy considers excess to their needs and GPA
9 agrees are useful to its customers.

10

11 **Section 9.** All other provisions of the Agreement shall remain in force and effect
12 to the extent modified by this amendment.

13

14 **Section 10.** Notwithstanding any other points of law, and the Amendment having
15 been requested by the Navy and agreed to by GPA, and when approved by the
16 Public Utilities Commission, the action requested herein is approved and will be in
17 effect when this Act is signed into law.

18

19

20 F:\23\Bills\am2csa.bill\sh

21

EXHIBIT "B"

FISCAL NOTE
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

BMF/7

Bill No. 176 Date Received: 3/27/95
 Amendatory Bill: No Date Reviewed: 3/30/95
 Department/Agency Affected: Guam Power Authority
 Department/Agency Head: Austin I. Shelton, Acting
 Total FY 1995 Appropriation to Date: None

Bill Title (preamble): AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES

Change in Law: None
 Bill's Impact on Present Program Funding:
 Increase _____ Decrease _____ Reallocation X No Change X
 Bill is for:
 Operations _____ Capital Improvement _____ Other X

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)

PROGRAM CATEGORY	GENERAL FUND	OTHER - GPA Enterprise Fund	TOTAL
Autonomous - Utilities and Infrastructure		1/	

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)

FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL						
OTHER - GPA Enterprise Fund						1/
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? N/A. IF NO, ADD'L AMOUNT REQUIRED \$ 1/
 AGENCY/PERSON/DATE CONTACTED: GPA/ Yolanda/ 3-30-95

ESTIMATED POTENTIAL MULTI-YEAR REVENUES

FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND						
OTHER - GPA Enterprise Fund	1/					1/
TOTAL						

ANALYST Angela F. Merialen DATE 3/30/95 DIRECTOR Joseph E. Rivera, Acting DATE _____

FOOTNOTES: 1/ Bill No. 176 poses a positive indirect impact on GPA Enterprise Fund, as it enables transfer of properties at the end of the interim period while cleanup is being completed; it enables Navy to continue certain services until GPA is able to provide them; it relaxes GPA's compliance requirements prior to such transfer; and, it specifies the additional transfer of Navy lands and electrical facilities to GPA for the ultimate benefit of GPA's customers. The positive indirect impact of Bill No. 176 however cannot be quantified at this time.

AMENDMENT II
TO CUSTOMER AGREEMENT
(CONTRACT NUMBER N62742-89-C-0201)
BETWEEN
THE GUAM POWER AUTHORITY
AND
THE UNITED STATES OF AMERICA

This Amendment to the Customer Agreement ("Agreement") is entered into by and between the Guam Power Authority ("GPA") and the United States of America through its instrument the Department of the Navy ("Navy") pursuant to Section 15.1 of the Agreement.

RECITALS

WHEREAS, Section 111 of Public Law 100-202 authorizes the Navy to transfer to GPA, Navy owned electric power generation, transmission and distribution facilities and equipment specified in Table 3 of the Agreement; and

WHEREAS, such transfer may be made when GPA meets all performance standards listed in the August, 1986 independent third party plan, (which standards are contained in Appendix "A" to the Agreement) or other performance standards mutually agreed upon by GPA and Navy; and

WHEREAS, the independent third party evaluation for fiscal year 1993 concluded that all but one of the performance standards were met; and

WHEREAS, GPA and Navy recognize that the environmental remedial actions required by section 3.10 of the Agreement (added by Amendment I) and any other applicable federal law may be a lengthy process, thereby delaying the final transfer of Navy owned real property; and

WHEREAS, at the termination of the interim period, GPA may be incapable of assuming some of the services currently provided by Navy under section 3.5 of the Agreement.

NOW THEREFORE, the parties agree that the Agreement should be amended as follows:

1. A new subsection will be added to section 3.3 to read:

"3.3.1 GPA will assume all rights and duties of ownership of the joint use real property assets upon termination of the interim period and will pay no fee therefore, reserving unto Navy the right to continued use of easements, licenses, accesses, and other property rights to be retained by Navy or granted to third parties in the real property transfer documents. Real estate documents such as deeds and easements which are necessary to convey title to Navy-owned joint use assets will be prepared and executed upon their certification in accordance with section 3.10 and as soon as practicable after the termination of the interim period."

2. Section 3.2 is amended to read:

"3.2 At the termination of the interim period, Navy has no further obligation to provide the interim period services to the IWPS as described under this Article. Upon written agreement between the parties, Navy may agree to continue to provide individual services as listed under section 3.5 until GPA is capable of providing them independently."

3. Section 3.8 will be amended to read:

"3.8 At the termination of the interim period, Navy has no further obligation to provide the interim period services to the

IWPS as described under this Article. Upon written agreement between the parties, Navy may agree to continue to provide individual services as listed under section 3.5 until GPA is capable of providing them independently."

4. Section 7.4 is amended by deleting "7.4.3" and inserting "7.4.4" in the first paragraph.

5. A new subsection 7.4.4 is added as follows:

7.4.4 Navy and GPA mutually agree that GPA assume responsibility for the IWPS whether or not all the performance standards have been met under the following conditions: That GPA fully complies with a substantial number of the performance standards contained in Appendix A; That GPA substantially complies with the remaining performance standards; and, that the termination of the interim period is in the best interests of Navy and GPA considering the present and the future ability of GPA to operate the IWPS.

6. Table 3 is amended to add the following:

27. The land designated as the Apra Heights Substation property.

28. The land and easements used by the Cabras-Agana 115 kv transmission lines.

7. Add a new subsection to Article 9

"9.7 In addition to the 13.8 kv facilities to be transferred in accordance with Article 9.6, GPA and Navy mutually agree to transfer from time-to-time other Navy 13.8 kv distribution facilities the Navy considers excess to their needs and GPA agrees

are useful to its customer.

8. All other provisions of the Agreement shall remain in force and effect to the extent modified by this amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date of the last signature on this agreement.

GUAM POWER AUTHORITY

UNITED STATES OF AMERICA

By: _____

Chairman of the Board
of Directors
Guam Power Authority

Date: _____

By: _____

D.J. NASH, RADM, CEC, USN
Commander, Pacific Division,
Naval Facilities Engineering
Command
Contracting Officer

Date: _____



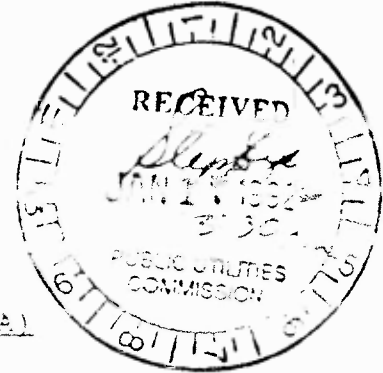
GUAM POWER AUTHORITY

Board of Directors



January 15, 1992

Mr. Joseph Duenas
Chairman
Public Utilities Commission
c/o Suite 400, GCIC Building
414 W. Soledad Avenue
Agana, Guam 96910



Re: GPA - Customer Supplier Agreement (CSA)

Dear Mr. Duenas:

Enclosed you will find executed copies of the Customer Supplier Agreement and First Amendment to the CSA. The amendment is in a form which has previously been found by the Administrative Law Judge to comply with the conditions imposed by the Commission in its approval of the Customer Supplier Agreement.

The amendment was signed by the Navy on December 17, 1991 and received by Guam Power Authority on January 8, 1992. After it was reviewed by our legal counsel, the Board formally ratified the Amendment at its meeting on Wednesday, January 15, 1992.

I would appreciate it if you would transmit the Customer Supplier Agreement together with the amendment to the Legislature for its review and approval.

Sincerely,

David J. Sablan
Chairman
Board of Directors

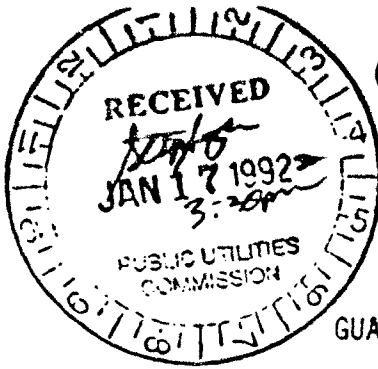
enc.

/yac

MFR

CSA has been amended. Old pages are attached to this letter. Amended pages have been retyped with new information include in [], and/or boldfaced.

SK



ORIGINAL

AMENDMENT I
TO
CUSTOMER AGREEMENT
BETWEEN

GUAM POWER AUTHORITY AND THE UNITED STATES OF AMERICA

This Amendment entered into by and between the Guam Power Authority ("GPA") and the United States of America ("Navy") to comply with Public Utilities Commission of Guam ("PUC") Order of May 14, 1991 as amended on October 17, 1991.

R E C I T A L S

WHEREAS, GPA and Navy have agreed that Navy would become a customer of GPA under the terms of the Customer Agreement dated July 3, 1989 ("Agreement"); and

WHEREAS, the Agreement was submitted to the PUC for review and approval and the PUC by Order dated May 14, 1991 as amended on October 17, 1991, (the "Order") approved the Agreement subject to certain modifications being made in the Agreement; and

WHEREAS, GPA and Navy believe that the terms of the Agreement are fair and equitable to both parties and they desire to move forward with Navy becoming a customer of GPA; and

WHEREAS, GPA and Navy have reviewed the Order and agreed that the concerns of the PUC can be addressed by clarification of the language of the Agreement without affecting the basic intent and purpose of the Agreement as negotiated by the parties.

NOW, THEREFORE, the parties agree the Agreement should be amended as follows:

1. Section 1.10 of Article 1 shall be amended to read as follows:

1.10 Navy and GPA desire transfer of responsibility for the Island-Wide Power System to GPA when the conditions described in Article 7.4 or Article 7.6 have been met.

2. Section 2.13 of Article 2 shall be amended to read as follows:

2.13 "Interim Period."

OK
H
The interim period is the time from the effective date of this Agreement until GPA has assumed full responsibility for the IWPS under the conditions described in Article 7.4 or Article 7.6. During the interim period, Navy is a customer of GPA but retains certain rights with respect to its joint use generation and transmission assets.

3. New sub-sections shall be added to Section 3.10 to read as follows:

OK
H
3.10.1 The transition plan developed by GPA and Navy will not become final until GPA obtains approval of the plan from the PUC.

OK
H

3.10.2 All real property assets transferred to GPA pursuant to Article 3.3, and in accordance with the transition plan shall contain a covenant in the deed stating:

"All remedial action necessary to protect human health and the environment with respect to any hazardous substance remaining on the property has been taken before the date of transfer."

OK
H

3.10.3 Hazardous substances are those substances defined to be hazardous by the Comprehensive Environmental Response, Compensation and Liability Act (42 USC §§9600, et. seq.).

OK
H

3.10.4 Any additional remedial action found to be necessary after the date of such transfer shall be conducted by Navy.

OK
H

3.10.5 The requirements of 3.10.2 and 3.10.4 shall not apply to any property to which GPA is responsible for the contamination.

4. Section 7.2 of Article 7 shall be amended to read as follows:

7.2 This Agreement shall continue in effect for ten (10) years from the effective date hereof unless terminated at the option of the Navy: (i) by the giving of written notice of not less than one hundred eighty (180) days in advance of the effective date of termination; and (ii) by the discharge of the Navy's obligations including the termination liability under Article 25 or by Article 7.6. At the completion of the initial ten (10) year term, the Agreement may be extended for one ten (10) year term at the option of the

OK
H

Navy. The option must be exercised at least one hundred eighty (180) days prior to the expiration of the initial term. If this Agreement is extended it may be terminated at the option of Navy: (i) by the giving of written notice of not less than one hundred eighty (180) days in advance of the effective date of termination; and (ii) by the discharge of the Navy's obligations including the termination liability under Article 25.

5. A new Section 7.6 shall be added to Article 7 to read as follows:

OK
H
7.6 The interim period shall not exceed five (5) years at the end of which period, unless sooner ended pursuant to Article 7.4 the Navy shall have the option of unilaterally terminating the interim period and transferring its assets to GPA in accordance with Article 3.3 or terminating the Agreement without penalty under Article 25.

6. Section 25.1 shall be amended to read as follows:

OK
H
25.1 In the event the Navy terminates this Agreement prior to expiration of the term, except by Article 7.6, the Navy shall pay GPA a termination charge determined as follows:

Termination Charge

$$TC = (X/Y) (B) (E)$$

TC = Termination Charge

X = Navy's twelve (12) coincident peak demand in the Fiscal Year preceding termination

Y = IWPS's twelve (12) coincident peak demand in the Fiscal Year preceding termination

B = Annual principal payment associated with new generation and transmission facilities installed during the term of this Agreement at GPA's expense, and which are commonly allocated to Navy and to non-Navy customers in cost of service studies. Any facilities donated or financed by Navy will be excluded.

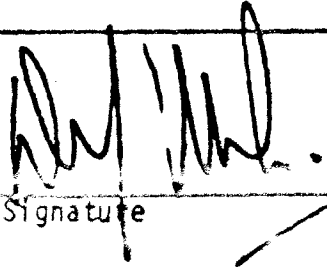
E = Number of years by which termination precedes the end of the term of this Agreement.

If the initial Agreement term should be extended, "B" will be determined for applicable facilities installed during the extended Agreement term only.

In the event GPA, by default or otherwise, terminates performance of this Agreement, the Navy shall have no obligation to pay any amount for a termination liability pursuant to this Article.

7. All other provisions of the Agreement shall remain in full force and effect except to the extent modified by this amendment.

IN WITNESS WHEREOF, the parties hereto have executed this amendment as of the date of the last signature of this agreement.

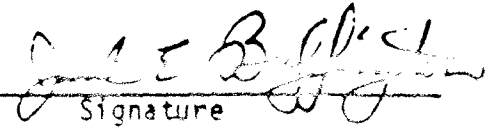
By 
Signature

DAVID J. SABLAN
Typed Name

Title Chairman, Board of Directors
Guam Power Authority

Date JANUARY 1992

UNITED STATES OF AMERICA

By 
Signature

JACK E. BUFFINGTON
Typed Name

Title Rear Admiral, CEC, U.S. Navy
Contracting Officer

Date 17 DECEMBER 1991

27 Jan 89

1.8 GPA desires the output and use of the joint use Navy generation and transmission assets and the related services Navy will provide during the interim period.

1.9 Navy and GPA desire to continue to have GPA operate and maintain Rangitoto Unit No. 1.

1.10 Navy and GPA desire transfer of responsibility for the Island-Wide Power System to GPA when the conditions described in Article 7.4 have been met.

1.11 Any disputes will be resolved in accordance with the disputes resolution procedures contained in Article 26.

27 Jan 89

2.10 "Short-Term Separation."

During the interim period, Navy may separate its joint use generation and transmission assets from the IWPS for up to six (6) months as defined in Article 17.

2.11 "Performance Standards."

Standards of performance designed for GPA in the management, generation, dispatch control center, finance, and transmission and distribution areas as defined in Appendix A.

2.12 "PUC."

Public Utilities Commission of Guam or any successor agency.

2.13 "Interim Period."

The interim period is the time from the effective date of this Agreement until GPA has assumed full responsibility for the IWPS under the conditions described in Article 7.4. During the interim period, Navy is a customer of GPA but retains certain rights with respect to its joint use generation and transmission assets.

27 Jan 89

GPA. Navy PWC Guam personnel must exercise right of first refusal not later than three months before the end of the interim period to allow outside recruitment if needed.

3.9.3 Details of the transition of personnel at the completion of the interim period will be included in a transition plan developed in accordance with Appendix C.

3.10 As Navy facilities listed in Table 3, or their maintenance and operation, are transferred to GPA, the special tools, equipment, supplies and transportation equipment associated with these facilities will be made available to GPA at no cost, as permitted by U.S. Public Law 100-202. The details of the transfer of special tools, equipment, supplies and transportation equipment will be included in a transition plan developed in accordance with Appendix C. The determination of the quantity to be transferred will be in accordance with Appendix D.

3.11 Navy will continue to make capital improvements to the Navy joint use generation and transmission facilities during the interim period. GPA shall be given an opportunity to review and provide written input to proposed changes to Navy joint use assets. Navy will pay for such capital improvements and they shall become part of the Navy's joint use generation and transmission facilities. In the event that Navy offers and GPA accepts an early

27 Jan 89

termination of the interim period, with respect to part or all of the Navy facilities, GPA will forthwith assume responsibility for planning, executing and funding capital improvements to such facilities.

3.12 Navy will obtain for a finite number of GPA emergency service workers the required security clearances to allow them access to DOD-secured facilities which contain those portions of the electrical equipment necessary for GPA to perform its IWPS dispatch, operation and maintenance responsibilities. GPA emergency service workers proposed for security clearances must meet applicable clearance criteria as defined by DOD directives. These clearances will be prearranged for the emergency service workers so that they can access transmission and substation equipment for the purpose of diagnosing the cause of trouble and making that cause of trouble safe. The repair crews necessary to complete permanent repairs would require additional clearances which would be arranged at the time that such repair crews required access to on-base facilities.

27 Jan 89

ARTICLE 7

Effective Date, Term and Termination of Interim Period

7.1 This Agreement shall be effective within sixty (60) days after final approval and ratification as required under applicable Guam and federal laws and regulations as submitted and without modification, including the issuance of an order by the PUC approving the provisions of this Agreement.

7.2 This Agreement shall continue in effect for ten (10) years from the effective date hereof unless terminated at the option of the Navy: (i) by the giving of written notice of not less than one hundred eighty (180) days in advance of the effective date of termination; and (ii) by the discharge of the Navy's obligations including the termination liability under Article 25. At the completion of the initial ten (10) year term, this Agreement may be extended for one ten (10) year term at the option of the Navy. The option must be exercised at least one hundred eighty (180) days prior to the expiration of the initial term. If this Agreement is extended it may be terminated at the option of Navy: (i) by the giving of written notice of not less than one hundred eighty (180) days in advance of the effective date of termination; and (ii) by the discharge of the Navy's obligations including the termination liability under Article 25.

27 Jan 89

7.4.3 Based on an affirmative recommendation of the independent third party, the Navy and GPA mutually agree that GPA assume responsibility for the IWPS whether or not all the performance standards have been met. The Navy's decision will be made by the Secretary of the Navy within ninety (90) days of the independent third party's recommendation. If the Secretary of the Navy disagrees with the findings and recommendations of the independent third party, the Secretary shall specify in writing each finding and the overall recommendation of the independent third party with which the Navy disagrees and the reasons for such disagreement.

7.5 Throughout the interim period, an independent third party will annually review GPA's performance in relation to the standards and milestones, supporting standards and indicators in the manner set forth in Appendix A.

27 Jan 89

ARTICLE 25

Termination Liability

25.1 In the event the Navy terminates this Agreement prior to expiration of the term, the Navy shall pay GPA a termination charge determined as follows:

Termination Charge

$$TC = (X/Y) (B) (E)$$

TC = Termination Charge

X = Navy's twelve (12) coincident peak demand in the Fiscal Year preceding termination.

Y = IWPS's twelve (12) coincident peak demand in the Fiscal Year preceding termination.

B = Annual principal payment associated with new generation and transmission facilities installed during the term of this Agreement at GPA's expense, and which are commonly allocated to Navy and to non-Navy customers in cost of service studies. Any facilities donated or financed by Navy will be excluded.

ATTACHMENT A

GUAM POWER AUTHORITY

UTILITY SERVICE CONTRACT

GUAM POWER AUTHORITY
UTILITY SERVICE CONTRACT

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UTILITY SERVICE CONTRACT

Department of the Navy

Contract Number N62742-89-C-0201

Premises to be Served: Part I, Table 1 and Part II, Table 1

Contractor: Guam Power Authority

Contractor's Address: P.O. Box 2977
Agana, GUAM 96910-2977

Premises are: Government owned
 Government leased

Name of Lessor:

Symbol Number of Lease:

Period of Performance: Effective date--effective date plus ten years

Estimated Annual Cost: \$32,232,684

Bills will be rendered to: Commanding Officer
U.S. Public Works Center
FPO San Francisco 96630-2937

Payments will be made by: Disbursing Officer
Naval Supply Depot Guam
Code 554
FPO San Francisco 96630-2937

Appropriations Chargeable:

"Appropriations Chargeable: Various appropriations chargeable, based on distribution to appropriation ultimately chargeable on invoices, public vouchers, or other instruments as may be directed by the OIC of this contract, when submitted to the Naval Supply Depot Guam for payment."

THIS CONTRACT is entered into as of _____ between the UNITED STATES OF AMERICA, hereinafter called the Navy, represented by the Contracting Officer executing this contract, and Guam Power Authority whose address is Agana, Guam, hereinafter called GPA.

THIS CONTRACT is negotiated pursuant to 10 U.S.C. 2304(c) and delegation of authority from the Administrator, General Services Administration, to the Secretary of Defense dated October 11, 1954 (19 Fed. Reg. 6665) under the Federal Property and Administrative Services Act of 1949 (63 Stat. 377, 384) as amended.

I. SCOPE. Subject to the terms and conditions set forth, GPA shall sell and deliver, and the Navy shall purchase and receive electric utility service required by the Navy from GPA at the premises to be served (hereinafter called the points of delivery) listed in Part I, Table 1, in accordance with the Customer Agreement and in Part II, Table 1, in accordance with GPA's Service Rules and Regulations and Rate Schedules. Service to the points of delivery shall also be in accordance with the General Provisions. The Customer Agreement, Service Rules and Regulations, Rate Schedules, and the General Provisions are attached hereto and made a part hereof.

II. MULTIPLE SERVICE LOCATION

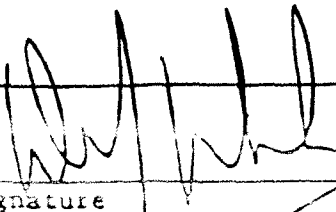
(a) By written order, the Contracting Officer may at any time designate any point of delivery within the service area of GPA at which service shall be furnished or discontinued thereunder, and the contract shall be modified in writing accordingly by adding to or deleting from the appropriate table the name and location of the appropriate point of delivery, by specifying a different rate, if applicable, different service specifications if applicable, and any other appropriate terms and conditions.

(b) The minimum monthly charge specified in this contract shall be prorated for the billing period in which commencement or discontinuance of service at any point of delivery designated under the service specifications shall become effective.

III. This contract is made in full compliance and conformity with all Federal laws and regulations. Such laws and regulations, as appropriate, shall apply to the services performed hereunder.

IV. This contract is signed by the Navy subject to no changes prior to GPA signing this contract document.

IN WITNESS WHEREOF, the parties hereto have executed this contract as of the date of the last signature of this agreement.

By 
Signature

DAVID J. SABLAN
Typed Name

Title CHAIRMAN, GPA Board of Directors

Date JULY 3, 1989

UNITED STATES OF AMERICA

By 
Signature

- J. R. IVES
Typed Name

Title Rear Admiral, CEC, U.S. Navy
Contracting Officer

Date May 31, 1989

GUAM POWER AUTHORITY

PART I - CUSTOMER SERVICE AGREEMENT

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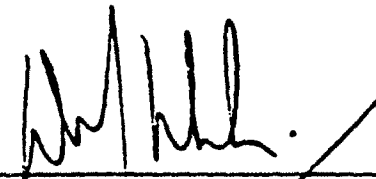
MEMORANDUM OF UNDERSTANDING

The enclosed document contains the Customer Agreement between Guam Power Authority and the United States of America as agreed to by both parties as of 27 January 1989.

The Agreement is subject to Navy approval in accordance with the Federal Acquisition Regulation. Upon receipt of Navy approval, and completion of a cost of service study, including rates for all customer classes, the Agreement will be submitted to the Guam Public Utilities Commission and Guam Legislature for approval and ratification pursuant to applicable Guam statutes and regulations.



NAVY CHIEF NEGOTIATOR 1/27/89



GPA CHIEF NEGOTIATOR 1/27/89.

27 Jan 89

CUSTOMER AGREEMENT

The United States of America, hereinafter called "Navy," and the Guam Power Authority, hereinafter called "GPA," agree as follows.

ARTICLE 1

Recitals

1.1 This Agreement describes the terms, conditions and rate setting procedures and service rules and regulations applicable to energy and capacity sold and delivered by GPA to Navy, the services Navy will provide to GPA during the interim period and Navy's compensation thereof and services other than electric service that GPA will provide to Navy and compensation thereof. Nothing in this Agreement is intended to be determinative of the issue of ownership of Navy electrical production, transmission and distribution facilities on Guam.

1.2 Navy operates electrical production, transmission and certain distribution facilities which are used jointly for the supply of electricity to Department of Defense (DOD) installations on Guam and to GPA for retail distribution to GPA's customers.

27 Jan 89

1.3 GPA operates electric production, transmission and distribution facilities which are used for the supply of electricity for retail distribution to GPA's customers and to Department of Defense installations on Guam.

1.4 The Island-Wide Power System is dispatched and controlled by GPA from the GPA Dispatch Control Center.

1.5 GPA and Navy agree to terminate the Power Pool Agreement and amendments thereto which now exist between the parties as of the effective date of this Agreement.

1.6 GPA and Navy desire to establish a relationship whereby Navy and other Department of Defense facilities on Guam become a firm service customer of GPA.

1.7 Navy will operate and maintain their assets during the interim period to allow time for GPA to achieve defined performance standards. Navy pledges the output and use of the joint use Navy generation and transmission assets to GPA during the interim period except in emergency situations as defined in Article 17.

27 Jan 89(O)
15 Jan 92(A)

1.8 GPA desires the output and the use of the joint use Navy generation and transmission assets and the related services Navy will provide during the interim period.

1.9 Navy and GPA desire to continue to have GPA operate and maintain Tanguisson Unit No. 1

1.10 Navy and GPA desire transfer of responsibility for the Island-Wide Power System to GPA when the conditions described in Article 7.4 {or Article 7.6} have been met.

1.11 Any disputes will be resolved in accordance with the disputes resolution procedures contained in Article 26.

NOTE: AMENDED/ADDED INFORMATION ENCLOSED IN {}. AND PRINTED BOLD.

27 Jan 89

ARTICLE 2

Definitions

2.1 "ACCOUNTS."

Accounts means the books and records of GPA and Navy and their maintenance in conformance with the Uniform System of Accounts.

2.2 "Capital Improvements."

Expenditures on real, personal or intangible property (e.g., easements or rights of way) to (i) expand or modify the Island-Wide Power System, (ii) replace a significant component of the existing system or (iii) extend the service life of a significant component of the system are capital improvements. The Uniform System of Accounts promulgated by the Federal Energy Regulatory Commission or its successor agency and interpretations thereof shall be controlling of determinations as to whether an expenditure is a capital improvement. Sections of the Uniform System of Accounts that currently prescribe capital improvement issues include 18CFR Subchapter C, Part 101 Definitions, General Instructions, Electric Plant Instructions, Electric Plant Accounts and Part 116, units of property for use in accounting for additions and retirements of utility plant.

27 Jan 89

2.3 "Customer."

Customer, when used in this Agreement, refers to Department of Defense facilities on Guam and other customers served by Navy F.W.C. Guam. Customer shall include service at 34.5 kV at the delivery points listed in Table 1 and billed conjunctively. In addition, Customer shall include service at 13.8 kV or below which shall be GPA distribution customers, except as provided for in Table 1.

2.4 "Customer Agreement."

This Agreement including tables, appendices and attachments referenced herein and attached hereto, and all amendments that may be executed from time to time.

2.5 "Emergency Situation."

An emergency situation is one in which the Navy would be able, under Article 17 of this Agreement, to separate its joint use generation and transmission assets from the Island-Wide Power System and to operate the Navy system to meet Navy load for some period of time.

2.6 "FERC."

The Federal Energy Regulatory Commission or its successor agencies.

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2.7 "IWPS."

Island-Wide Power System meaning all electric production and transmission facilities on Guam operated by CPA and Navy during the term of this Agreement that are interconnected and jointly used to supply the electric loads of the parties at the respective delivery points, but excluding distribution, emergency and standby facilities listed in Table 2.

2.8 "Long-Term Separation."

During the interim period, Navy may separate and resume dispatch and control of its joint use generation and transmission assets as defined in Article 17.

2.9 "Point of Delivery."

The point where the electric power first leaves the line or apparatus of the Island-Wide Power System and enters the Navy system, generally at the outlet side of metering facilities. See Table 1 for listing of the Navy points of delivery.

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2.10 "Short-Term Separation."

During the interim period, Navy may separate its joint use generation and transmission assets from the IWPS for up to six (6) months as defined in Article 17.

2.11 "Performance Standards."

Standards of performance designed for GPA in the management, generation, dispatch control center, finance, and transmission and distribution areas as defined in Appendix A.

2.12 "PUC."

Public Utilities Commission of Guam or any successor agency.

2.13 "Interim Period."

The interim period is the time from the effective date of this Agreement until GPA has assumed full responsibility for the IWPS under the conditions described in Article 7.4 {or Article 7.6}. During the interim period, Navy is a customer of GPA but retains certain rights with respect to its joint use generation and transmission assets.

NOTE: AMENDED/ADDED INFORMATION ENCLOSED IN {}.

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2.14 "Dispatch and Control."

The assignment of load to specific generating units and direction of plant operators to effect the most reliable and economical electrical supply of power as load requirements and unit availability changes, as well as control and operation of high voltage lines, switching, substations and equipment including administration of safety procedures.

2.15 "Operation and Maintenance."

Activities performed to obtain the output from or use of the IWPS assets or to preserve the operating efficiency or physical conditions of IWPS assets.

2.16 "Power Billing."

Monthly GPA billing to Navy for the provision of electric utility service.

2.17 "Service Billing."

Monthly Navy billing to GPA for services Navy has provided in the preceding month or monthly GPA billing to Navy for services other than electric service that GPA has provided in the previous month.

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2.18 "Asset Rights."

Rights to use intangible property such as easements and rights of way.

2.19 "Carrying Charges."

Interest or other forms of financing or opportunity cost as it relates to Articles 4.9.6 and 4.9.7.

2.20 "Distribution Facilities."

Items of utility plant property includable in electric plant accounts 360 - 373 of the Uniform System of Accounts generally consisting of land and land rights, poles, towers, lines, substations and appurtenances thereto that provide service at 34.5 kV or below.

2.21 "Inventory."

Plant materials and operating supplies, the cost of which would be contained in Account 154 of the Uniform System of Accounts.

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2.22 "Joint Use Assets."

Generation and transmission assets dedicated to the IWPS. The Navy joint use assets are listed in Table 3.

2.23 "Transmission Facilities."

Items of utility plant property includable in electric plant accounts 350 - 359 of the Uniform System of Accounts generally consisting of land and land rights, poles, towers, lines, substations and appurtenances thereto that provide service at 34.5 kV or above.

2.24 "PWC Guam Rates."

The rate charged by Navy PWC Guam for services to DOD or other federal agencies or departments.

2.25 "Dedicated Use Facilities."

Navy facilities, as listed in Table 2, that are not a part of the IWPS.

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2.26 "Non-Joint Use Assets."

Distribution and general plant facilities and appurtenances and Navy dedicated use facilities

2.27 "Paid Time Not Worked."

Time for which an employee is compensated but during which he does not work, e.g., vacation, holiday, sick time and leave of all types.

2.28 "General Plant."

Items of utility plant property includable in electric plant accounts 389 - 399 of the Uniform System of Accounts.

2.29 "EPA."

The Environmental Protection Agency (EPA) and the Guam Environmental Protection Agency (GEPA).

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2.30 "Cost of Service."

The cost of providing electric service to customers is the electrical system O&M expenses, depreciation and debt service costs, as applicable, taxes and operating return determined on the basis of cost using utility industry accepted principles of cost determination for similar expenditures.

2.31 "Incremental Energy Cost."

The change in energy cost when output is increased by a specified increment, including fuel costs, variable operations and maintenance expenses and the costs of any required unit start-ups, including losses to the relevant point of delivery. The O&M expenses will include the related employee benefits and overhead that are assigned in accordance with accounting instructions of GPA and Navy, which reflect the FERC chart of accounts and related instructions.

2.32 "Navy PWC Guam."

U.S. Navy Public Works Center Guam.

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ARTICLE 3

Services Navy Will Provide and Assets Navy Will
Make Available During the Interim Period

3.1 During the interim period, the Navy will provide certain services to GPA in support of the IWPS and will make certain Navy joint use generation, transmission assets and other mutually agreed assets available to the IWPS. GPA agrees to accept the services offered by Navy during the interim period and the use of Navy joint use generation and transmission assets. For the services described in Article 3.5-below, Navy has and will continue to offer GPA the option of assuming responsibility to provide the service with proper notification to Navy of GPA's intent to assume such responsibility.

3.2 At the termination of the interim period, Navy will discontinue provision of all interim period services to the IWPS as described under this Article.

3.3 At the termination of the interim period, the Navy joint use generation, transmission and other mutually agreed assets and associated real estate as listed in Table 3 will be made available to GPA for use in the IWPS.

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3.4 Navy will provide personnel, materials and support to operate and maintain the Navy joint use generation, transmission and other mutually agreed assets and facilities except that GPA will continue to operate and maintain Tanguisson No. 1 in accordance with the terms and conditions of Appendix B. The assets and facilities contemplated for Navy to operate and maintain are listed in Table 3 and Table 4. At Navy's option, with GPA's written concurrence, Navy may transfer responsibility for operation and maintenance of specific Navy assets or facilities to GPA during the interim period.

3.5 In addition to providing personnel, materials, subcontractors and other requirements to operate and maintain the Navy's joint use generation and transmission system, the Navy will continue provision of the following services during the interim period:

3.5.1 Navy will operate, maintain and make available the use of telephone circuits used in the dispatch and control of the IWPS during the interim period. At its option and with six (6) months notice, GPA can elect to provide through ownership or contract, all or part of the telecommunications requirements for dispatch and control of the IWPS. In this event, Navy retains the right to leave its facilities in place including operation and maintenance thereof during the interim period, but Navy would not be compensated by GPA for facilities no longer required for the IWPS.

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3.5.2 Navy will continue to supply fresh water to the power generation facilities installed on Guam from the effective date of this contract through the interim period. During the interim period, Navy will supply fresh water for other requirements on new facilities under supplemental agreements on a best effort basis. At its option, with six (6) months notice, GPA can elect to provide some or all of the fresh water requirements including transportation thereof for the IWPS.

3.5.3 Navy will continue to purchase, store and make low sulphur fuel oil available to the IWPS during the interim period. Navy will continue to transport low sulphur fuel oil through Navy's pipeline facilities and otherwise transport such fuel for use in the IWPS during the interim period. At its option, with six (6) months prior notice, GPA can assume responsibility for supply and/or transportation of low-sulphur fuel oil during the interim period provided that GPA meets all EPA environmental requirements and the Navy is released from any responsibility to provide such fuel under agreements between the parties to this Agreement and EPA.

3.5.4 Navy will continue to allow GPA pole attachments to Navy joint use poles during the interim period. Navy will be advised in writing with two (2) week advance notice of proposed GPA attachments prior to their installation. Navy may reject a proposed GPA pole

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attachment prior to the scheduled attachment date if the attachment may impair the structural integrity or stability of the pole or the proposed attachment impairs the integrity of the Navy system to operate on a stand-alone basis.

3.5.5 Navy may allow GPA pole attachments to Navy non-joint use poles.

3.5.6 Navy will continue to provide certain engineering services of the Pacific Division, Naval Facilities Engineering Command through the interim period. GPA may request and Pacific Division will supply such services on an as available basis. These services have and will continue to be generally limited to relay coordination and power system analysis.

3.5.7 Navy will continue to provide transportation of distilled water between power plants and transportation of fuel oil to the Tanguisson power plant when required.

3.5.8 Navy will continue to provide input to the planning of IWPS generation and transmission facilities. Navy will continue to design and execute facilities changes in the Navy joint use generation, transmission and other mutually agreed facilities. GPA shall be given an opportunity to review and provide written input to proposed Navy changes to joint use assets.

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3.5.9 Navy may provide assistance as GPA may request on GPA's or Navy's joint use system.

3.5.10 Navy will continue to make certain Navy buildings that house Navy and GPA joint use generation and transmission facilities available during the interim period. GPA will request Navy approval of all modifications or expansion of GPA facilities in Navy buildings in writing with necessary plans and drawings and cannot begin modifications without written Navy authorization. The criteria Navy will use to evaluate whether to approve the building use include the following:

- The use proposed by GPA will not interfere with existing or proposed Navy facilities
- There are no other suitable buildings available to GPA for the same or similar use
- The space requested in the building is the minimum space required to accomplish GPA's facilities plans

Navy's approval will not be unreasonably withheld or unnecessarily delayed.

3.6 Navy personnel providing services to the IWPS shall be properly trained and supervised. Navy facilities shall be operated, maintained and improved in accordance with good and generally accepted utility standards and Navy operation and maintenance standards. Navy will provide services in a safe, efficient and cost-effective manner.

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3.7 Existing land use permits granted to GPA by Navy will be continued through the interim period or until such time as such land use permits are converted into easements. Requests by GPA for use of Navy land or easements after the effective date of this Agreement will be a request for an easement on Navy land or assignment of an interest in a Navy easement if such interest is assignable. The Navy will not be responsible for acquisition of additional real estate interests from private parties for the benefit of GPA. Navy shall grant such easements in accordance with its regulations and applicable federal law. Navy shall grant easements in perpetuity subject to the following conditions:

- GPA's attainment of the standards or otherwise assuming full responsibility for the IWPS
- Use by GPA is restricted to a specific use, e.g., 34.5 kV substation or 115 kV line
- Navy may request return of all or any portion of the easement to the extent necessary to eliminate undue interference with its activities; provided that, unless Navy determines that relocation is not feasible, it will convey without charge a substitute easement permitting GPA to relocate its easement facilities elsewhere on Navy land at GPA's sole cost and expense except for easements covering Navy-designated utility corridor areas for which relocation costs will be shared on a 50-50 basis, the Navy share to be included as a cost item in

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any Navy project requiring such easement relocation. The Navy-designated utility corridor areas will be established when the easements are granted.

--Use by GPA is limited to WFO facilities

--Easements may be revoked if conditions for use are not met

GPA will file an application for easement with the Navy which will include a drawing and legal description of the proposed easement area together with an explanation of the purpose for which the land is to be used. The criteria Navy will use to evaluate whether to grant an easement include the following:

--The land use proposed by GPA will not interfere with existing or proposed Navy use of the land

--There is no other available land that could reasonably be used for the purpose proposed by GPA

--The land requested under easement is the minimum land needed to accomplish GPA's facility plans

Navy approval of an easement will not be unreasonably withheld or unnecessarily delayed.

3.8 The services Navy is to provide during the interim period described in Article 3.5 terminate at the end of the interim period. Navy has no continuing obligation to provide such services under this Agreement after the termination of the interim period.

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3.9 Both parties recognize the desirability of maintaining a highly trained and experienced work force to operate the IWPS electrical facilities. Appropriate federal procedures will be used at the end of the interim period to disestablish the associated units of the Power Division of the Utilities Department and Maintenance Department of the Navy PWC Guam. The Navy and GPA agree to cooperate fully to ensure that the Navy can continue to successfully recruit personnel during the interim period and to ensure that GPA can recruit qualified Navy PWC Guam personnel for the turnover.

3.9.1 Navy will provide GPA information as allowed by federal privacy, freedom of information, and personnel management laws and regulations to apprise GPA of the dedicated full-time staffing required to operate the facilities. Navy will allow a reasonable amount of duty time for personnel of such positions for employment interviews with GPA. Navy will provide its personnel with assistance in obtaining private information required by GPA to allow GPA to devise incentives to recruit Navy PWC Guam personnel.

3.9.2 GPA will provide Navy information relevant to its employee benefits to assist in maintaining adequate Navy staffing during the interim period. GPA offers right of first refusal to all Navy PWC Guam personnel assigned to work centers of the Power Division of the Utilities Department and Maintenance Department of the Navy PWC Guam who are dedicated full-time to those facilities to be transferred to

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GPA. Navy PWC Guam personnel must exercise right of first refusal not later than three months before the end of the interim period to allow outside recruitment if needed.

3.9.3 Details of the transition of personnel at the completion of the interim period will be included in a transition plan developed in accordance with Appendix C.

3.10 As Navy facilities listed in Table 3, or their maintenance and operation, are transferred to GPA, the special tools, equipment, supplies and transportation equipment associated with these facilities will be made available to GPA at no cost, as permitted by U.S. Public Law 100-202. The details of the transfer of special tools, equipment, supplies and transportation equipment will be included in a transition plan developed in accordance with Appendix D.

Sections 3.10.1 - 3.10.5 have been added:

3.10.1 The Transition plan developed by GPA and Navy will not become final until GPA obtains approval of the plan from the PUC.

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3.10.2 All real property assets transferred to GPA pursuant to Article 3.3, and in accordance with the transition plan shall contain a covenant in the deed stating:

"All remedial action necessary to protect human health and the environment with respect to any hazardous substance remaining on the property has been taken before the date of transfer."

3.10.3 Hazardous substances are those substances defined to be hazardous by the Comprehensive Environmental Response, Compensation and Liability Act (42 USC SS9600, et. seq.).

3.10.4 Any additional remedial action found to be necessary after the date of such transfer shall be conducted by Navy.

3.10.5 The requirements of 3.10.2 and 3.10.4 shall not apply to any property to which GPA is responsible for the contamination.

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3.11 Navy will continue to make capital improvements to Navy joint use generation and transmission facilities during the interim period. GPA shall be given an opportunity to review and provide written input to proposed changes to Navy joint use assets. Navy will pay for such capital improvements and they shall become part of the Navy's joint use generation and transmission facilities. In the event that Navy offers and GPA accepts and early termination of the interm period, with respect to part of all of the Navy facilities, GPA will forthwith assume responsibility for planning, executing and funding capital improvements to such facilities.

3.12 Navy will obtain for a finite number of GPA emergency service workers the required security clearances to allow them access to DOD-secured facilities which contain those portions of the electrical equipment necessary for GPA to perform its IWPS dispatch, operation and maintenance responsibilities. GPA emergency service workers proposed for security clearances must meet applicable clearance criteria as defined by DOD directives. These clearances will be prearranged for the

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emergency service workers so they can access transmission and substation equipment for the purpose of diagnosing the cause of trouble and making that cause of trouble safe. The repair crews necessary to complete permanent repairs would require additional clearances which would be arranged at the time that such repair crews required access to on-base facilities.

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ARTICLE 4

Navy Compensation for Assets and Services

During the Interim Period

4.1 Navy will provide services and make facilities available for use as described in Article 3 during the interim period. Navy will be compensated for services by means of a credit against its bill from GPA for electric service in the month following the services.

4.2 Navy will provide a billing to GPA for services Navy has rendered on a monthly basis. The billing will be provided by Navy to GPA within twenty-one (21) working days after the end of the month to which the billing relates.

4.3 GPA will allow credit for the service billing against the next power billing rendered to Navy. Adjustments, as agreed by the parties, to prior or current service billings will have a right of offset against Navy power billings.

4.4 The service billing that Navy renders to GPA will contain sufficient detail and supporting workpapers to allow complete review by GPA. The billing will be in a Uniform System of Accounts format to allow recording of the billing by FERC prime account and, for each account, stating the labor hours,

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labor dollars, materials, contracts, interdepartmental charges, labor acceleration, administrative and general overhead, shop overhead and other charges.

4.5 The service billing will be provided as one hard copy and one IBM personal computer compatible diskette in a mutually agreeable application program. Navy will retain source documents and related data to support the service billing for a minimum of eighteen (18) months from the date of the billing.

4.6 GPA will have a right to review service billings and supporting documentation to clarify billings and to propose adjustments to service billings for eighteen (18) months. If GPA has not formally notified Navy of specific proposed adjustments within eighteen (18) months of the date the billing was rendered, the service billing is no longer subject to adjustment except in the case of fraud or if Navy amends a service billing. GPA may propose adjustments up to eighteen (18) months from the date the service billing is amended.

4.7 Navy will have a right to amend service billings for errors, omissions and adjustments having retroactive effect. Navy retains a right to amend service billings for six (6) months from the date of the original billing.

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4.8 Service billing disputes may arise from an inability of the parties to agree on adjustments as may be proposed by GPA to original or amended service billings. During the pendency of a dispute, Navy may continue to reduce its power billing by its service billing including service billing amounts that are in dispute. Either GPA or Navy may proceed to the disputes resolution procedures of Article 26 ninety (90) days or more after the unresolved adjustment has been proposed.

4.9 Navy will be compensated and its service billing will reflect the following:

4.9.1 Navy utility services made available pursuant to Articles 3.4, 3.5.1 and 3.5.2 including telephone, water and sewer will be compensated at the standard PWC Guam rates in effect from time to time.

4.9.2 Navy vehicles and equipment used to provide the services described in Articles 3.4 and 3.5 will be compensated at the standard PWC Guam rates in effect from time to time.

4.9.3 Navy materials will be compensated at their inventory cost (purchase price plus shipping) to the Navy to the extent Navy materials are used. In addition, a service center rate for the cost of handling and storing materials developed by the Navy for Navy

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customers will be charged to GPA at time of issue. GPA and Navy may mutually agree that GPA will provide all or certain classes of material (classes of materials include distribution, transmission, substation, generation and consumable and other material items) for use in operation and maintenance of the Navy joint use system. Navy retains the right to maintain its stored inventory and provide materials for its capital improvements.

4.9.4 Compensation for Navy personnel and related cost including fringe benefits and compensated time not worked, shop overhead and general and administrative overhead will be compensated as follows:

- Navy straight time labor hours charged directly to joint use job orders will be multiplied by GPA's Average Labor Rate for straight time as defined in Appendix E, and calculated as follows:
 - Sum the hourly rates for all employee positions classified under GPA's 6000 and 7000 series (less those supervisory and clerical positions within those series) and determine an average hourly wage. Then accelerate the "average hourly wage" for:
 - Time not worked including holiday, annual leave and sick leave hours at a rate of fifteen percent (15%) of the average hourly wage

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- Payroll tax and fringe benefit (including pension, life and health insurance) at a rate of sixteen percent (16%) of the average hourly wage
- Finally, add two overhead charges to the accelerated average hourly wage to recover Departmental, General and Administrative overhead expenses as follows:
 - Departmental overhead for supervision and clerical support and other departmental support cost equal to twenty-five percent (25%) of the accelerated average hourly wage (i.e., twenty-five percent (25%) of the average hourly wage after accelerating it thirty-one percent (31%) for time not worked and tax and fringe)
 - General and administrative overhead for planning, control, administration, training, safety, accounting and general management equal to twenty-five percent (25%) of the accelerated average hourly wage (i.e., twenty-five percent (25%) of the average hourly wage after accelerating it thirty-one percent (31%) for time not worked and tax and fringe)
- Navy overtime labor hours charged directly to joint use job orders will be multiplied by GPA's "Average Overtime Hourly Rate", calculated as follows:

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- Sum the hourly rates for all employee positions classified under GPA's 6000 and 7000 series (less those supervisory and clerical positions within those series) and determine an average hourly wage. Then multiply this average hourly wage 1.5 times. Add to this figure thirty-one percent (31%) of the initial "average hourly wage" to recover time not worked and fringe benefits
- Premium pay for night differential and premium pay differentials such as dirty work, high work, etc., will be compensated by accelerating the average labor rate for straight time payment by two percent (2%)
- Each month, the Navy's actual total labor cost expended in support of Article 3.4 will be provided to GPA together with total direct labor hours. GPA can use this cost to determine the lower rate of reimbursement, i.e., either total cost as calculated above or Navy's actual total labor cost. The Navy will use the lower cost for billing purposes

4.9.5 Navy may enter into contracts or agreements with independent third parties to satisfy its service obligation pursuant to Articles 3.4 and 3.5. Unless otherwise provided herein, Navy will be compensated for payments made to third-party contractors pursuant to this Agreement.

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4.9.6 Navy will be compensated for low-sulphur fuel oil provided to the system at the Defense Fuel Supply Center (DFSC) posted price. Navy will not be compensated for the carrying charges of low sulphur fuel held in inventory. Navy will be compensated for the cost of operating and maintaining fuel supply and transportation capabilities for supply of fuel to the AFS under the conditions and terms of this Agreement.

4.9.7 Navy will make its joint use generation and transmission assets and associated real estate assets as listed in Table 3 available for use at no charge during the interim period. This means that Navy will not be compensated for depreciation of these assets or carrying charges.

4.9.8 Subject to the conditions stated in Article 3.5.4, Navy will allow GPA pole attachments to Navy joint use generation and transmission facilities. Navy will receive no compensation for GPA pole attachments to Navy joint use facilities during the interim period.

4.9.9 Navy is entitled to compensation for provision of the engineering services described in Article 3.5.6. Navy compensation will be limited to out-of-pocket expenses incurred for travel, lodging and subsistence as defined by latest edition of the Joint Travel Regulations Volume 2, DOD Civilian Personnel.

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4.9.10 Navy land used by Navy or GPA for IWPS facilities will be made available to the GPA at no compensation to Navy during the interim period. Easements and other appropriate real estate agreements will be granted to GPA upon termination of the interim period in accordance with Navy regulations and applicable Federal laws.

4.9.11 Navy buildings that house Navy and GPA joint use facilities will be made available in accordance with Article 3.5.10. Navy will receive no compensation from GPA for Navy or GPA use of buildings to house joint use facilities.

4.9.12 Navy will receive no compensation for capital improvements undertaken by Navy on its joint use facilities during the interim period.

4.9.13 Pursuant to Article 3.5.9, Navy may provide assistance to GPA on GPA's joint use system. GPA will fully compensate Navy for costs Navy may incur in providing such assistance. The adjustments to the cost of Navy labor and related costs will not be effective for assistance provided to GPA at GPA's request.

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4.10 GPA has a right to assume responsibility for providing certain services as defined in Article 3 that Navy presently provides. If GPA elects and assumes responsibility for one or more of the services, Navy compensation for the service will depend whether Navy ceases the services or not.

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ARTICLE 5

Services GPA Will Provide

5.1 GPA will continue to operate and maintain the Navy generating unit, Tanguisson No. 1 in accordance with Appendix C during the interim period even in the event of system separation. GPA will provide personnel, materials, subcontracts and other requirements to operate and maintain Tanguisson No. 1.

5.2 Navy and GPA will jointly plan capital improvements to Tanguisson No. 1. Navy retains responsibility for capital improvements to Tanguisson No. 1 during the interim period.

5.3 GPA personnel operating and maintaining Tanguisson No. 1 or providing other services to Navy shall be properly trained and supervised. Navy facilities shall be operated, maintained and improved in accordance with good and generally accepted utility standards and Navy PWC Guam operation and maintenance standards. GPA will provide services in a safe, efficient and cost-effective manner.

5.4 GPA's obligation to provide the services described above terminates at the end of the interim period. GPA has no continuing obligation to provide such services under this Agreement.

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5.5 Navy has the right to make inspections of the quality and extent of the maintenance practices and procedures during GPA-scheduled overhauls. GPA will provide Navy with its annual overhaul schedule and will inform Navy of any additional overhauls which are scheduled throughout the year. Navy can inspect operating procedures at any point it wishes as long as it provides GPA written notification that such inspections will take place. GPA is to provide copies of any and all documentation to Navy which concerns work performed, outstanding work orders and as-left conditions for the Tanguisson No. 1 unit. Copies of written Navy inspection reports will be provided to GPA.

5.6 GPA shall provide dredging of the salt water intake channel at Cabras Island as required to provide sufficient cooling water for both the Piti and Cabras generating units.

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ARTICLE 6

GPA Compensation for Services

6.1 GPA will provide the services described in Article 5 throughout the interim period in accordance with Appendix B. Except in the event of GPA/Navy system separation, GPA will retain the costs it incurs in operating and maintaining Tanguisson No. 1 for inclusion in GPA's system cost of providing electric service. In the event of GPA/Navy system separation, GPA will be compensated monthly for the costs GPA incurs in operating and maintaining Tanguisson No. 1.

6.2 GPA will provide a billing to Navy for services GPA has rendered on a monthly basis. The billing will be provided by GPA to Navy within twenty-one (21) working days of the end of the month to which the billing relates.

6.2.1 GPA may submit invoices to the Commanding Officer, Navy PWC Guam for the Navy share of the fuel cost associated with GPA's most current fuel billing no more frequently than every seven (7) days. The invoice submittal will include a copy of the fuel bill on which the invoice is based and the calculation of Navy's share. The Navy

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will make weekly payments no sooner than seven (7) calendar days after receipt of a proper invoice. A summary billing will be submitted on a monthly basis which offsets the fuel payment made by the Navy during the billing month.

6.3 GPA will offset its service billing for services it may provide on the Navy joint use assets (except for operation and maintenance of Tanguisson No. 1) against its next service billing from Navy except in the event of system separation. In the event of system separation, GPA's service billing will be due, and payment will be made in accordance with the Prompt Payment Act of 1982.

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6.4 GPA's service billing will separately state capital expenditures on Tanguisson No. 1 or other Navy facilities. Payment will be made in accordance with the Prompt Payment Act of 1982.

6.5 The service billing and/or cost summary that GPA renders to Navy will contain sufficient detail and supporting workpapers to allow complete review by Navy. The billing will be in a Uniform System of Accounts format to allow recording of the billing by FERC prime account and, for each account, stating the labor hours, labor dollars, materials, contracts, labor acceleration, administrative and general overhead, shop overhead and other charges.

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6.6 The service billing and/or cost summary will be provided as one hard copy and one IBM personal computer compatible diskette in a mutually agreeable application program. GPA will retain source documents and related data to support the service billing and/or cost summary for a minimum of eighteen (18) months from the date of the billing.

6.7 Navy will have a right to review service billings and supporting documentation to clarify billings and to propose adjustments to service billings for eighteen (18) months. If Navy has not formally notified GPA of specific proposed adjustments within eighteen (18) months of the date the billing was rendered, the service billing is no longer subject to adjustment except in the case of fraud or if GPA amends a service billing. Navy may propose adjustments up to eighteen (18) months from the date the service billing is amended.

6.8 GPA will have a right to amend service billings for errors, omissions and adjustments having retroactive effect. GPA retains a right to amend service billings for six (6) months from the date of the original billing.

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6.9 Service billing disputes may arise from an inability of the parties to agree on adjustments as may be proposed by Navy to original or amended service billings. During the pendency of a dispute, GPA may disallow power billing credit for items in dispute. Either GPA or Navy may proceed to the disputes resolution procedures contained in Article 26 ninety (90) days or more after the unresolved adjustment has been proposed.

6.10 GPA's service billing will be at costs actually incurred in providing services to Navy including but not limited to direct and indirect labor, fringe benefits and paid time not worked, shop overhead, general and administrative costs, materials, contracts, vehicles and equipment and other appropriate charges.

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ARTICLE 7

Effective Date, Term and Termination of Interim Period

7.1 This Agreement shall be effective within sixty (60) days after final approval and ratification as required under applicable Guam and Federal laws and regulations as submitted and without modification, including the issuance of an order by the PUC approving the provisions of this Agreement.

7.2 This Agreement shall continue in effect for ten (10) years from the effective date hereof unless terminated at the option of the Navy: (i) by the giving of written notice of not less than one hundred eighty (180) days in advance of the effective date of termination; and (ii) by the discharge of the Navy's obligations including the termination liability under Article 25 {or by Article 7.6}. At the completion of the initial ten (10) years term, this Agreement may be extended for one ten (10) year term at the option of the Navy. The option must be exercised at least one hundred eighty (180) days prior to the expiration of the initial term. If this Agreement is extended it may be terminated at the option of Navy: (i) by the giving of written notice of not less than one hundred eighty (180) days in advance of the effective date of termination; and (ii) by the discharge of the Navy's obligations including the termination liability under Article 25.

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7.3 GPA and Navy agree that the performance standards contained in Appendix A to this Agreement are appropriate bases to evaluate GPA's ability to assume responsibility for the IWPS. The milestones establish a means to measure GPA's progress toward meeting the performance standards.

7.4 During the interim period Navy retains certain rights while becoming a customer of GPA. The interim period will terminate within one (1) year after a determination that the transfer shall be made in accordance with Articles 7.4.1 through 7.4.3. The determination of transfer shall terminate the independent third party's annual review and shall be binding on the parties.

7.4.1 GPA meets all the performance standards (as contained in Appendix A) and elects to assume responsibility for the IWPS, or

7.4.2 GPA meets all except the financial performance standards, but obtains a bond rating of A1 ("Moody's" or its "Standard & Poor's" rating equivalent) based on GPA's underlying creditworthiness and without credit enhancements such as insurance, letter of credit or other support and achieves the recommendation of the independent third party for turnover of the IWPS; and GPA elects to assume that responsibility, or

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7.4.3 Based on an affirmative recommendation of the independent third party, the Navy and GPA mutually agree that GPA assume responsibility for the IWPS whether or not all the performance standards have been met. The Navy's decision will be made by the Secretary of the Navy within ninety (90) days of the independent third party's recommendation. If the Secretary of the Navy disagrees with the findings and recommendations of the independent third party, the Secretary shall specify in writing each finding and the overall recommendation of the independent third party with which the Navy disagrees and the reasons for such disagreement.

7.5 Throughout the interim period, an independent third party will annually review GPA's performance in relation to the standards and milestones, supporting standards and indicators in the manner set forth in Appendix A.

7.6 The interim period shall not exceed five (5) years at the end of which period, unless sooner ended pursuant to Article 7.4 The Navy shall have the option of unilaterally terminating the interim period and transferring its assets to GPA in accordance with Article 3.3 or terminating the Agreement without penalty under Article 25.

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ARTICLE 8

Forecasts of Reimbursable Costs

8.1 Under the terms of this Agreement GPA and Navy may incur costs that are reimbursable in whole or part by the other party. The reimbursement of such cost is subject to the terms of this Agreement. To assist both parties in the planning, budgeting and control of their respective organizations, GPA and Navy will provide certain forecast data to the other party.

8.2 Forecast cost data will be provided in good faith in accordance with the terms of this Agreement. The forecasts will not be binding on the supplier of the forecast. To facilitate exchange of information about costs incurred on behalf of the other party, budget review meetings will be held quarterly to discuss budget/actual status and revised budget expectations.

8.3 GPA shall annually provide to Navy a monthly budget for a two (2) year period of operation and maintenance expenses for Tanguisson No. 1 and other services it provides to Navy and a separate five (5) year annual forecast of capital expenditures for Tanguisson No. 1. The monthly two (2) year budget and the annual five (5) year forecast will be provided in the format of the monthly service billing/cost summary by July 31 of each year.

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8.4 Navy shall annually provide to GPA a monthly budget for a two (2) year period of operation and maintenance expenses to be incurred on Navy joint use assets and in providing other services to GPA. The budget shall reflect not only expenses to be incurred but also the amounts Navy anticipates GPA will reimburse under the terms of this Agreement. Navy shall provide a five (5) year annual forecast of capital expenditures that Navy will be reimbursed by GPA based upon GPA's request for assistance. Budgets and forecasts will be provided in the format of the monthly service billing/cost summary by July 31 of each year.

8.5 In addition to budgets and forecasts of reimbursable costs described above, GPA and Navy will exchange budget and forecast information, including load forecasts, on their respective operations as such information becomes available.

8.6 Navy shall notify GPA promptly of any anticipated change in Navy operations or maintenance activities which would significantly affect Navy's load characteristics or resource capabilities, to the extent such changes are not reflected in information already submitted to GPA.

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ARTICLE 9

Dispatch and Control of Navy Dedicated Use Facilities

9.1 Navy operates and maintains certain dedicated use facilities listed in Table 2 that are not part of the Navy joint use assets. These dedicated use facilities will remain under Navy dispatch and control to provide additional assurance that Navy can meet its mission requirements. Navy dispatch and control shall advise and coordinate the dispatch of all dedicated use facilities as listed in Table 2 with the IWPS dispatch and control center.

9.2 Navy will continue to operate and maintain the dedicated use facilities and make required capital improvements without compensation from GPA.

9.3 If requested by GPA, Navy may elect to supply nonfirm energy from Navy dedicated facilities to the IWPS. GPA will compensate Navy for energy supplied from Navy dedicated facilities at a rate equal to one hundred twenty percent (120%) of Navy's incremental energy cost.

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9.4 GPA will install distribution facilities to separate Navy and GPA loads in accordance with Appendix F. The Navy feeders cleared of GPA loads will become non-joint use and will be excluded from assets for which GPA is required to provide operations and maintenance reimbursement to Navy. This work will be completed prior to the end of the interim period. Any GPA loads excepted in Appendix F from the initial load separation and remaining on Navy feeders at the end of the interim period will be served in accordance with Article 27. After the interim period, Navy assets serving GPA load excepted from the initial separation of loads will be transferred to GPA as the assets are reconfigured to separate Navy and GPA loads.

9.5 All distribution lines located outside of the military bases are to be operated and maintained by GPA with the exception of lines listed in Table 2.

9.6 It is contemplated that the Navy 13.8 kV distribution and 34.5 kV assets to be transferred to GPA, described in Appendix F and listed in Table 4, will be made available to GPA for reconfiguration during mutually agreed-upon times and dates during the interim period. After each asset is made available to GPA, GPA shall have the right, exercisable at its sole discretion, to make such improvements as it deems necessary as described in Appendix F. Navy will allow reasonable access to GPA to make each improvement. Each improvement made by GPA shall be at its sole cost and expense. GPA's access and right to make improvements to these assets shall in

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no way otherwise affect Navy's ownership and control of the assets listed in Table 4. When each reconfiguration of the Navy asset is complete and Navy and GPA loads separated, GPA will assume operation and control of that asset serving GPA loads. GPA will assume complete liability for any and all claims arising from the use and/or operation of this asset. In the event Navy assumes use and/or operation of this asset during the interim period, Navy will seek appropriations to reimburse GPA for improvements made by GPA that benefit the Navy.

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ARTICLE 10

Dispatch and Control of Navy Joint Use Facilities

10.1 Navy retains the right to monitor and assist in all dispatch operations until the termination of the interim period.

10.2 Navy is required to follow Navy operational and maintenance procedures and standards when maintaining the Navy joint use generation and transmission facilities. GPA can request additional operational and maintenance services or inspection of Navy joint use facilities. Any additional operational and maintenance services or inspection undertaken by Navy at the request of GPA must be agreed to by Navy, which agreement shall not be unreasonably withheld, and will be fully reimbursed by GPA. However, if GPA's request is due to Navy not providing service in conformance with Article 3.6, then GPA and Navy will discuss if any significant additional expense has occurred as a result of noncompliance with Article 3.6. If a dispute occurs, it will be resolved in accordance with the disputes resolution procedures of Article 26.

10.3 Upon written notification, GPA has the right to inspect Navy joint use facilities to ascertain that configuration and condition are as required to allow GPA to meet its performance standards. Navy may accompany inspectors and shall receive written notification of results of inspection.

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10.4 Navy is to provide IWPS operation and maintenance documentation to GPA on a routine basis. GPA also has the right to request that Navy maintain additional documentation or reports for submission to GPA. The time necessary to prepare such reports would be billed to GPA as part of Navy's maintenance costs for maintaining the Navy joint use system.

10.5 All outages and clearances will be coordinated through the IWPS Chief Dispatcher who is responsible for operation of the system during the interim period. IWPS dispatchers will maintain a positive control over the work that field crews are performing and will control the related tagging and clearance approval.

10.6 GPA will dispatch and control the Navy joint use facilities as part of the IWPS so that performance standards can be achieved.

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ARTICLE 11

Insurance

11.1 Throughout the interim period GPA shall procure and maintain in full force and effect the insurance coverages described below for its own benefit:

11.1.1 Comprehensive general liability insurance including coverage for premises/operations, independent contractor, broad form contractual liability, broad form property damage and explosion exclusion deletion, all with limits of not less than \$300,000 for each occurrence.

11.1.2 Excess umbrella liability insurance with limits of not less than \$5,000,000 for each accident or occurrence in excess of the underlying limits in 11.1.1.

11.2 The above policies shall contain a right of subrogation in favor of the Navy in the event of a loss at Tanguisson No. 1.

11.3 GPA shall provide certificates of insurance to Navy evidencing the insurance coverages required to be maintained.

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ARTICLE 12

Liability

12.1 GPA and the Navy shall each be responsible for the safe installation, repair, operation and general condition of their own respective facilities during the interim period. GPA and the Navy each agree to hold harmless the other party for any liability or loss because of bodily injury, death or property damage to a third party arising out of each party's respective responsibilities and operations as stated in this Agreement.

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ARTICLE 13

Oil Transportation and Storage

13.1 GPA and Navy operate and maintain oil transportation and storage facilities for their mutual benefit and the benefit of Guam's utility customers. There are EPA environmental regulations with respect to oil pipeline and storage facilities that are applicable to GPA and Navy facilities.

13.2 To comply with the regulations, a Spill Prevention Control and Countermeasures Plan (SPCC) and a Spill Contingency Plan (SCP) must be developed and implemented. The SPCC must be updated every three (3) years under existing regulations.

13.3 It is appropriate that GPA and Navy, for their mutual benefit, jointly develop, implement, maintain and update SPCC and SCP plans. Accordingly, within six (6) months of the effective date of this Agreement, GPA and Navy will jointly develop and implement SPCC and SCP plans. In the event that the parties are unable to agree on a joint plan, individual plans for each party will be provided to the other party not later than eight (8) months from the effective date of this Agreement.

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ARTICLE 14

Force Majeure

14.1 The term force majeure, as used herein, means unforeseeable causes beyond the reasonable control of, and without the fault or negligence of the party claiming force majeure, including but not limited to, acts of God and sudden actions of the elements, such as floods, typhoons, earthquakes or tornadoes or in the case of war or acts of the public enemy.

14.1.1 The term force majeure does not include any full or partial curtailment in the electric output which is caused or arises from the act or acts of any third party, vendor or supplier of GPA or Navy.

14.1.2 The term force majeure does not include any full or partial curtailment in the electric output of the IWPS that is caused or arises from a mechanical or equipment breakdown, unless such breakdown is caused by typhoons, earthquakes, tornadoes, sudden actions of the elements or acts of God.

14.1.3 The term force majeure does not include changes in market conditions that affect the cost of meeting contractual requirements.

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14.2 If either party, because of force majeure, is rendered wholly or partly unable to perform its obligations under this Agreement, that party shall be excused from whatever performance is affected by the force majeure to the extent so affected provided that:

14.2.1 The nonperforming party, within two (2) weeks after the occurrence of the force majeure, gives the other party written notice describing the particulars of the occurrence.

14.2.2 The suspension of performance is of no greater scope and of no longer duration than is necessitated by the force majeure.

14.2.3 The nonperforming party uses its best efforts to remedy its inability to perform.

14.2.4 When the nonperforming party is able to resume performance of its obligations under this Agreement, that party shall give the other party written notice to that effect.

14.3 If a dispute arises over the definition of an event as force majeure, the dispute will be resolved in accordance with the disputes resolution procedures contained in Article 26.

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ARTICLE 15

Miscellaneous Provisions

15.1 This Agreement, including tables, appendices and attachments, can be amended only by written agreement between both of the parties.

15.2 The failure of GPA or Navy to insist in any one or more instances upon strict performance of any provisions of this Agreement or to take advantage of any rights hereunder, shall not be construed as a waiver of any provisions or rights, which shall remain in full force and effect.

15.3 This Agreement is intended by the parties as the final expression of their agreement and is intended also as a complete and exclusive expression of the terms of their agreement. All prior written or oral understandings, offers or other communications pertaining to this Agreement are abrogated and withdrawn.

15.4 If the incremental energy cost of a party is used in determining compensation for a particular transaction, supporting documentation on all components of such cost will be provided upon request of the other party.

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ARTICLE 16

Notices

16.1 Except as otherwise provided herein, any notice or communication permitted or required herein shall be deemed given when in writing and hand delivered or mailed to the following addresses:

16.1.1 If to GPA:

General Manager
Guam Power Authority
P.O. Box 2977
Agana, Guam 96910-2977

16.1.2 If to Navy:

Commanding Officer
U.S. Navy Public Works Center
FPO San Francisco 96630-2937

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ARTICLE 17

System Separation

17.1 Short-Term Separation. Navy has the right, during the interim period, to separate its joint use generation and transmission facilities from the IWPS and operate that system for a period of up to six (6) months if such separation would result in improved reliability and security of power supply to Navy loads under certain conditions as defined below.

17.1.1 Involuntary Separation - Separation solely at Navy's option. Justification for short-term separation (as further defined below) must be for physical or operational reasons and not solely based on financial problems of GPA. Such separation can be initiated subject to the existence of all the conditions enumerated in sections 17.1.1.1 to 17.1.1.5.

17.1.1.1 Such operation would result in better reliability and security for Navy loads than integrated operation.

17.1.1.2 The cause of the reduced IWPS reliability is on the GPA operated and maintained portion of the IWPS, and the cause is a physical item -- such as, but not limited to, a breaker, relay, substation transformer or transmission circuit; or the

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cause is an operational situation under GPA control -- such as, but not limited to, dispatch and relay operation, maintenance or right of way clearing.

17.1.1.3 GPA has not corrected such problem(s) in a reasonable time period but would have been able to do so under normal circumstances.

17.1.1.4 The improvement in reliability does not relate to carrying more than twenty-six (26) MW of spinning reserves.

17.1.1.5 The problem is not a force majeure situation except in the case of war, civil insurrection or the act of the public enemy.

17.1.1.6 If all the conditions described in 17.1.1.1 to 17.1.1.5 are found to exist, the authority to initiate such a separation process is vested in the Commander, Pacific Division, Naval Facilities Engineering Command and Commander in Chief U.S. Pacific Fleet.

17.1.1.7 Thereafter, forty-eight (48) hours notice is given by the Commanding Officer, Navy PWC Guam to GPA's General Manager.

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17.1.2 In the case of a dispute about the reasonableness of such involuntary separation, Navy may nonetheless separate, but, within one (1) month after such separation, an independent third party will be consulted about the reasonableness of the separation. If the independent third party finds that the separation was not reasonable, such dispute will be resolved in accordance with the disputes resolution procedures contained in Article 26.

17.1.3 Voluntary Separation. This is a situation in which Navy and GPA agree that a separate operation for up to six (6) months will benefit both parties. Such separation will be documented in writing.

17.2 Long-Term Separation. This is the situation in which the Navy separates its Navy Joint Use System from the IWPS and operates and controls it for OOD loads independently from GPA. This can occur only during the interim period and under the following conditions:

17.2.1 GPA fails to achieve the following availability and reliability performance standards as defined in Appendix A for five (5) years from the effective date of this Agreement and there is no reasonable possibility of GPA achieving these standards in the near future:

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1. Generation Performance Standard No. 1
2. Generation Performance Standard No. 2
3. Generation Performance Standard No. 3
4. Generation Performance Standard No. 4
5. Generation Performance Standard No. 5
6. Transmission Performance Standard No. 2
7. Dispatch Performance Standard No. 3
8. Dispatch Performance Standard No. 4; or

17.2.2 GPA has a significant failure in meeting milestones, standards or loan covenants over a two (2) year period and the operating, maintenance and construction requirements of the system are not capable of being met, such that deterioration of the availability and reliability standards takes place and there is no reasonable possibility of significant improvement in the near future.

17.2.3 If either of the conditions described in Articles 17.2.1 or 17.2.2 are found to exist, the authority to decide the system separation process is vested in the Commander, Pacific Division, Naval Facilities Engineering Command and Commander in Chief U.S. Pacific Fleet.

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17.2.4 Once a decision to separate has been made, six (6) months notice of separation is given by the Commanding Officer, Navy PWC Guam to GPA's General Manager.

17.2.5 After notification, GPA and Navy may discuss conditions of long term separation. An independent third party may be consulted about the reasonableness of the proposed separation. If agreement is reached that conditions are not reasonable, notice to separate will be rescinded. If agreement is not reached, Navy may nonetheless separate and any dispute will be resolved in accordance with the disputes resolution procedures contained in Article 26.

17.2.6 GPA and Navy will mutually agree to a plan to reintegrate the systems when the cause or causes for separation have been cured. GPA will notify Navy when it believes the cause or causes for separation have been cured. Upon Navy's verification of a cure, the parties will mutually agree on a plan for reintegration within sixty (60) days of Navy's verification. If agreement on a plan is not reached, GPA or Navy can seek resolution in accordance with the disputes resolution procedures contained in Article 26.

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17.3 During a system separation, interchange of energy may take place with the mutual agreement of both parties. Such interchange will be priced at a rate equal to the average of the incremental energy cost of the parties. If no incremental cost can be developed for the buying party (because that party's available generation capacity is fully utilized), the selling party will be compensated at a rate equal to the higher of: (a) one hundred twenty percent (120%) of the seller's incremental energy cost, or (b) the average of the incremental energy cost of the selling party and the energy cost of the highest on-line resource of the buying party.

17.4 During system separation, GPA customers served from Navy distribution lines will continue to be served by Navy, and Navy will be compensated for serving these GPA customers at the applicable PWC Guam rates.

17.5 During system separation those Navy loads which are being served from GPA distribution lines (and which are paying for electric service at GPA's tariff rates) will continue to be served by GPA, and GPA will continue to be compensated for serving these Navy loads at the applicable GPA tariff rates. Navy loads being served from GPA distribution lines (but for which Navy is paying for electric service under the rates established in accordance with this Agreement) will continue to be served by GPA, and GPA will be compensated for serving these loads at the wheeling and Agreement electric rates in effect at time of separation. At GPA's request, Navy may elect to

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furnish power to GPA for service to any or all Navy loads served from GPA distribution lines, and in such event, GPA will be paid a wheeling rate for delivery of such service over its lines. Navy may also elect to remove any or all of its loads from GPA distribution lines and serve such loads using its own facilities.

17.6 Except as provided herein, there will be no power billing from GPA to Navy during system separation, and the minimum and other provisions of Articles 20, 21 and 22 will be suspended.

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ARTICLE 18

Rates and Regulation

18.1 The PUC is acknowledged to be an eligible regulatory body in accordance with the Armed Services Procurement Regulation, Supplement 5. Accordingly, the Navy agrees, for the purpose of this Agreement, as a matter of comity rather than law, to comply with the current regulations, practices and decisions of the PUC concerning accounting practices, allowability of costs, pricing and rates, subject to appeal to the Guam Superior Court and continuing through normal judicial channels.

18.2 Both parties agree, subject to the approval of the PUC, to have a fixed cost of service and rate structure methodology to determine the cost associated with serving the Navy and non-Navy loads and to develop Navy's rates in accordance with Article 19 for a five (5) year period to provide for stability and predictability in setting rates.

18.3 Navy and GPA agree to the methodology for establishing initial rates to be paid by Navy, as set forth in Article 19. Rates to be charged Navy at the effective date of this Agreement shall be established in accordance with this methodology and will become a part of this Agreement. (Article 19.6 specifies the procedures and guidelines for implementing these initial rates.) Navy and GPA agree to support the use of this methodology for future

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rate adjustments unless changes in IWPS operations and/or system conditions cause this methodology to produce a result that is no longer reflective of the cost (including return as described in Articles 19.6 and 19.7 of this Agreement) of serving the Navy and non-Navy customer classes.

18.4 No changes will be made in the cost of service and rate structure methodology for a period of five (5) years from the effective date of this Agreement, if the PUC, in approving this Agreement, orders GPA to utilize this cost of service and rate structure methodology for a five (5) year period to determine the costs associated with serving Navy and non-Navy loads and to develop Navy's rates in accordance with Article 19. If the PUC does not issue such an order in approving this Agreement, this Agreement shall not be effective.

Further, if GPA and Navy mutually agree that there is a significant change in IWPS operations and/or system conditions that cause this methodology to produce a result that is no longer reflective of the cost (including return as described in Articles 19.6 and 19.7 of this Agreement) of serving the Navy and non-Navy customer classes, GPA may propose and Navy will support a change in the cost of service and rate structure methodology in GPA's next general rate filing.

18.5 After the period specified in Articles 18.2 and 18.4, if changes in cost of service and rate structure methodology are sought, the procedures specified in this Article shall be followed.

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18.5.1 If GPA or PUC determines it is necessary to seek a change in the methodology in effect for setting rates, GPA shall give Navy forty-five (45) days notice of its desire together with the recommended changes. If Navy agrees to the change in methodology, GPA will submit such modifications to the PUC for its approval or

18.5.2 If Navy determines it is necessary to seek a change in the methodology in effect for setting rates, Navy shall give GPA forty-five (45) days notice of its desire together with Navy's recommended changes. If GPA agrees to the change in methodology, GPA will submit such modifications to the PUC for its approval or other action.

18.5.3 If GPA and Navy are unable to reach an agreement as to any matter relating to methodology within an additional forty-five (45) days of one party's notice to the other, GPA will then submit its position to the PUC pursuant to the rules and regulations of the PUC. Navy shall have the right to submit its position to the PUC, and no changes may be made until the PUC has conducted a hearing to consider both parties' positions and has rendered its decision. Pending a decision of the PUC, GPA agrees to continue to furnish electric service to the Navy at the rates then applicable.

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18.6 If changes in rate levels are sought, the procedures specified below will be followed:

18.6.1 If GPA seeks an increase in the level of rates applicable to the Navy, the procedures specified in Article 19.7 shall be followed.

level of the rates applicable to the Navy, GPA may either follow the procedures set forth in Article 19.7, or the procedures set forth in Articles 18.5.1 and 18.5.3.

18.6.3 If Navy determines to seek a decrease in the level of rates which it is paying, it may, at any time, enter into negotiations with GPA respecting such rate levels. In such instance, the procedures specified in Articles 18.5.2 and 18.5.3 will be followed.

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ARTICLE 19

Rate Setting Methodology

19.1 GPA will perform a cost of service study to determine the costs properly allocable to Navy, and to determine the rates to be charged the Navy. The methods and procedures specified in this Article and in Attachment I shall be followed. Attachment II is the preliminary cost of service study for the twelve (12) month period ending September 30, 1990, and is provided as an illustration of the development of rates for electric service to Navy from the rate study.

The initial rates to be charged the Navy, as specified in Article 18.3, shall be developed using these same methods and procedures. Consistent with the provisions of that Article, future rates shall be developed in accordance with the methods and procedures specified in this Article and in Attachment I.

The twelve (12) month period used in the cost of service study will be the test year.

19.2 The cost of providing electric service to the Navy shall be determined on an embedded cost basis and shall include only the applicable portion of the cost of service elements specified in Attachment I.

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19.3 In the study performed to determine the cost of providing electric service to Navy, the costs allocated or assigned to Navy will consist of customer-related costs, energy-related costs, and demand-related costs.

Demand-related costs will be allocated using the twelve (12) month coincident peak approach. Allocation of GPA production and transmission demand-related costs to Navy will be set equal to the ratio of the sum of Navy demands in each month coincident with the GPA system peak, to the sum of the monthly maximum demands of the GPA system (all measured at or adjusted to the transmission level) multiplied by the total test year demand-related costs.

The allocation of energy-related costs to Navy will be set equal to the total of kilowatt-hours delivered to Navy divided by the total of all GPA kilowatt-hours delivered (all measured at or adjusted to the transmission level) times the total test year energy costs.

The customer-related costs will include direct assignments of the costs associated with facilities dedicated solely to supplying Navy load (if any) as well as the meter reading, billing and customer accounting related to serving the Navy account.

19.4 GPA will develop a rate schedule applicable to Navy based on the results of a cost of service study prepared in accordance with the methods prescribed in this Article, consisting of a monthly customer charge, a monthly demand charge, and a monthly energy charge. In addition, a fuel adjustment charge and a power factor adjustment will be applied.

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19.4.1 The monthly customer charge will be set equal to one-twelfth (1/12) times the total customer-related cost responsibility of Navy as determined in the cost of service study.

19.4.2 The monthly energy charge per kWh will be set equal to the total annual energy-related cost responsibility of Navy as determined in the cost of service study divided by the estimated test year kilowatt-hour energy sales to Navy. The kilowatt-hours used in this calculation shall be equal to the kilowatt-hours used in Article 19.3.

19.4.3 The monthly demand charge per kW will be set equal to the total annual demand-related cost responsibility of Navy as determined in the cost of service study divided by the total estimated test year billing demands for Navy as defined in Article 21. Billing demands shall be consistent with the contributions to system peak used to allocate demand-related costs in Article 19.3. In developing consistent billing demands, Navy's historic relationship between contribution to system peak and billing demand as defined in Article 21 shall be utilized.

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19.4.4 A variable per kilowatt-hour charge will be established to recover the cost of fuel used to serve Navy load (on a system average basis-adjusted for losses incurred in supplying the Navy load). This charge will be developed as specified in Attachment ...

19.4.5 The power factor adjustment is set forth in Article 22.

19.4.6 The initial rates are set forth in Attachment IV. Changes in rates pursuant to this Agreement will be made by amendments to Attachment IV.

19.5 GPA will prepare and maintain documented workpapers in sufficient detail to allow Navy to understand and replicate the calculations performed in any cost of service and rate study. All workpapers supporting the cost of service study and rate development will be made available to Navy at least forty-five (45) days prior to the time that GPA proposes to change Navy's rates. For any other cost of service studies and rate developments, these workpapers shall be made available upon Navy's request.

19.6 The initial rates will be implemented in conjunction with a GPA general rate filing before the PUC that affects the rates of non-Navy customer classes and which reflects the Navy as a customer. The total GPA system costs that will be included in the cost of service study, and to which the

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applicable allocation factors to determine the cost of serving the Navy will be applied, will be those cost elements used by the PUC to determine the basis for the rates charged to all non-Navy customer classes, subject to Attachment I. The debt service coverage ratio (DSCR) used to establish the rates to be charged the Navy will be the same DSCR found appropriate by the PUC for the GPA system and incorporated in the rates charged to all non-Navy customer classes.

19.7 This Article describes the methods and procedures for revising Navy's rates subsequent to their initial establishment if such change is sought in conjunction with, or in relation to, a rate proceeding before the PUC that affects the rates of non-Navy customer classes. These rates shall be developed on the basis of a cost of service study following the methods described in this Agreement. The total GPA costs that will be included in the cost of service study, and to which the applicable allocation factors to determine the cost of serving the Navy will be applied, will be those cost elements used to determine the basis for the rates charged to non-Navy customer classes in the rate proceeding before the PUC which resulted in the increase or decrease in rates to the non-Navy customer classes, subject to Attachment I. The DSCR used to establish the rates to be charged the Navy will be the same DSCR found appropriate by the PUC for the GPA system and incorporated in the rates charged to all non-Navy customer classes. A preliminary cost of service study, using the cost elements claimed by GPA in its rate filing, will be prepared. This cost of service study will be

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adjusted to incorporate the modifications in total GPA revenue requirements ordered by the PUC in order to develop the Navy rates, subject to Attachment I. Any change in rates to be charged the Navy will become effective on the same date that the change in rates for non-Navy customer classes becomes effective.

19.8 GPA acknowledges Navy's full rights to participate in any rate setting or other proceeding involving GPA before the PUC and will not oppose Navy's rights to participate.

19.9 In the event that the PUC is not the applicable regulatory authority, then the name of the applicable regulatory authority shall be substituted whenever the word "PUC" appears in this Agreement.

19.10 Notwithstanding any other provisions of this Agreement, if any rate increase for any non-Navy customer class is reduced, forgiven or abated; or if the level of rates for any non-Navy customer class is reduced, forgiven or abated, then the rates charged to the Navy shall be decreased by the same percentage and at the same time. However, this provision shall not apply if a decrease in revenue from one non-Navy customer class is compensated by an increase in revenue from another non-Navy customer class. Nor shall it apply if there is a net revenue decrease from the non-Navy customer classes which is compensated by equivalent funds from external sources; provided that such funds can be, and are, recognized and recorded by GPA as revenues, and provided further that GPA's financial ratios are not adversely affected.

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ARTICLE 20

Navy Maximum and Minimum Contract Demands

20.1 GPA is obligated under the terms of this Agreement to deliver a maximum of seventy-three thousand (73,000) kilowatts, expressed on a thirty (30) minute integrated demand basis, for the twelve (12) month period commencing with the effective date of this Agreement. Such integrated demand may or may not coincide with the IWPS peak. (This initial twelve (12) month period, and each subsequent consecutive twelve (12) month period, will be designated Contract Demand Years for purposes of this Agreement.) This amount (73,000 kilowatts) will be the initial Contract Maximum Demand.

Not less than six (6) months prior to the end of the initial Contract Demand Year and not less than six (6) months prior to the end of each subsequent Contract Demand Year, Navy may give notice to GPA of an increase or decrease in the Contract Maximum Demand. Each notice may increase or decrease the then effective Contract Maximum Demand by up to five percent (5%), effective on the first day of the following Contract Demand Year.

Navy may give notice of increases or decreases in the contract maximum demand, effective for subsequent contract demand years, up to five percent (5%) times the number of years of advance notice. Navy may continue to make annual adjustments of up to five percent (5%) per year during the period between the date that advance notice is given and the effective date of the full amount of the cumulative adjustment for which notice was given;

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provided that the resulting contract maximum demand in any year does not represent an increase or decrease larger than what would have resulted if the advance notice had been given as a uniform percentage change per year over the notice period.

If the advance notice is for an increase (decrease), Navy may not subsequently decrease (increase) the noticed contract maximum demand until after the full noticed change has become effective.

Any increase or decrease in the contract maximum demand will become effective on the first day of the contract demand year to which the increase or decrease in Contract Maximum Demand applies.

If Navy gives notice of an increase as described above, GPA shall be obligated to deliver that higher demand. If Navy gives notice to reduce the Contract Maximum Demand, GPA will be relieved of the obligation to deliver power in excess of the lowered Contract Maximum Demand.

Notwithstanding any other provisions, Navy and GPA may agree, at any time, to other levels of Contract Maximum Demand, and GPA's obligation will change accordingly.

20.2 The minimum billing demand under this contract will be fifty-eight thousand (58,000) kilowatts for the twelve (12) month period commencing with the effective date of this Agreement. This amount will be the initial Contract Minimum Demand. Should Navy give notice of a change in the Contract Maximum Demand under the rules of Article 20.1, or should the parties mutually

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agree to a different Contract Maximum Demand, the Contract Minimum Demand will change in the same proportion and direction as does the Contract Maximum Demand.

20.3 If Navy requests deliveries of as-available power in excess of the Contract Maximum Demand, and if GPA is able to meet these deliveries without endangering the reliability of the system, GPA will make these deliveries. Deliveries under this arrangement shall be charged at the same energy rates as are all other deliveries of power to the Navy, and at fifty percent (50%) of the otherwise applicable demand rate, prorated on a daily basis. To the extent that GPA delivers, and Navy takes, as-available power in excess of the then applicable Contract Maximum Demand, such additional demand shall not serve to increase the Contract Minimum or Maximum Demand, shall not be included in the demands used in Article 21.1, nor shall it be included in demands used for cost allocation purposes under Article 19.

ARTICLE 21

Navy Billing Demands

21.1 The maximum actual demand for billing purposes shall be equal to the

- (A) The maximum actual demand of the Navy load for the month (expressed on a thirty (30) minute integrated demand basis) and equal to the demand of all Navy load metered through Navy delivery points, during the thirty (30) minute period when the combination of these loads was at its maximum value, adjusted to remove any deliveries of power in excess of Contract Maximum Demand that may have been taken pursuant to Article 20.3, or
- (B) Eighty-five percent (85%) of the highest of the demand specified in (A) above occurring during the previous eleven (11) month period, or
- (C) The Contract Minimum Demand (see Article 20).

21.2 After the interim period, if Navy's actual demands are reduced as a result of load shedding, the Navy will receive, for every day of such reduction, a credit equal to one-thirtieth (1/30th) of the monthly demand charge times the kilowatt demand reduction.

21.3 It is recognized that adequate metering to determine the demand in Article 21.1(A) is not currently in place, and that records of historic values for this demand measure do not exist. The parties agree that until adequate metering is in place, this demand shall be estimated as a factor applied to Navy's demand coincident with the IWPS peak. The parties agree to use a factor of 1.038 initially, to review this factor annually, and to change it as

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better information becomes available. However, no change shall be made in the factor used for determining billing demand, unless a corresponding adjustment is made to the demand rate.

During the period when this procedure is being used for billing purposes, it shall also be used to develop the demand charge pursuant to Article 19.4.3. GPA shall use its best efforts to install adequate metering to determine the demand in Article 21.1(A) and shall use such metering for billing purposes within four (4) years from the effective date of this Agreement. Until such metering is installed and used for billing purposes, Navy shall not be limited with regard to the demands it places on the system. However, the Contract Maximum Demand provisions of Article 20 shall be applied to GPA's obligation to provide capacity. Further, the demand ratchet in Article 21.1(B) shall be applied to the lower of the actual maximum demand or the Contract Maximum Demand.

The provisions of Article 20.3 will not apply until such metering is in place and is used for billing.

In determining Navy's demand for purposes of this Article, the demands shall be adjusted to reflect service at 34.5 kV.

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ARTICLE 22

Power Factor Adjustment

22.1 For the purposes of this Agreement, power factor is defined as the ratio of real power (kW) to complex power (kVAh) for each delivery point as determined for each month. This ratio is expressed as a percentage.

22.2 Navy shall endeavor to maintain a power factor of at least eighty-five percent (85%) at each delivery point.

22.3 GPA will apply the power factor adjustment at any Navy delivery point if the power factor for the month is below eighty-five percent (85%) or above ninety percent (90%). Such adjustment would be to eighty-five percent (85%) if below eighty-five percent (85%) or to ninety percent (90%) if above ninety percent (90%). For each one percent (1%) the average power factor is below eighty-five percent (85%) or above ninety percent (90%), the monthly bill as computed under the demand and energy charges shall be increased or decreased, respectively, by one-tenth percent (0.10%). The power factor will be computed to the nearest percent.

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22.4 The conjunctive monthly demand and energy billings will be adjusted by the power factor dollar adjustments computed at the individual demands and energy received at each delivery point. In no case, however, shall the power factor be taken as more than one hundred percent (100%) in computing the

22.5 The average monthly power factor will be determined from readings of a kWh meter and Q meter.

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ARTICLE 23

Load Shedding Schedule

23.1 Under the terms of this Agreement, Navy is a firm service electric

23.2 Automatic curtailment of power supply deliveries will be performed in accordance with the IWPS Automatic Load Shedding Schedule. The currently effective IWPS Automatic Load Shedding Schedule is included as Attachment V, and will remain in effect until changed by mutual agreement.

23.3 Manual curtailment of power supply deliveries will be performed in accordance with the IWPS Manual Load Shedding Schedule. The currently effective IWPS Manual Load Shedding Schedule is included as Attachment VI, and will remain in effect until changed by mutual agreement.

23.4 The IWPS Load Shedding Schedules shall be reviewed and may be revised from time to time by mutual agreement of GPA and Navy. Determinations as to the appropriateness of or need for revisions to the IWPS Load Shedding Schedule shall be based upon the priority nature of Navy and GPA loads served by the various feeders, and shall take into account such factors as health, human needs, public safety and national security.

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23.5 If the parties cannot agree on revising the Load Shedding Schedules in Article 23.4, the disputes resolution procedures contained in Article 26 shall apply.

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ARTICLE 24

Load Restoration Schedule

24.1 In the event of a significant IWPS outage, priorities are established for returning load to service.

24.2 Restoration of load will be performed in accordance with the IWPS Load Restoration Schedule. The currently effective IWPS Load Restoration Schedule is included as Attachment VII, and will remain in effect until changed by mutual agreement.

24.3 The IWPS Load Restoration Schedule shall be reviewed and may be revised from time to time by mutual agreement of GPA and Navy. Determination as to appropriateness of the need for revisions to the IWPS Load Restoration Schedule shall be based upon the priority nature of Navy and GPA loads served by the various feeders, and shall take into account such factors as health, human needs, public safety and national security.

24.4 If the parties cannot agree on revising the Load Restoration Schedule in Article 24.3, the disputes resolution procedures contained in Article 26 shall apply.

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ARTICLE 25

Termination Liability

25.1 In the event the Navy terminates this Agreement prior to expiration of the term, except as otherwise provided herein, the following shall apply:

Termination Charge

$$TC = (X/Y) (B) (E)$$

TC = Termination Charge

X = Navy's twelve (12) coincident peak demand in the Fiscal year preceding termination

Y = IWPS's twelve (12) coincident peak demand in the Fiscal Year preceding termination

B = Annual principal payment associated with new generation and transmission facilities installed during the term of this Agreement at GPA's expense, and which are commonly allocated to Navy and to non-Navy customers in cost of service studies. Any facilities donated or financed by Navy will be excluded.

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E = Number of years by which termination precedes the end of the term of this Agreement.

If the initial Agreement term should be extended, "B" will be determined for applicable facilities installed during the extended Agreement term only.

... of this Agreement, the Navy shall have no obligation to pay any amount for a termination liability pursuant to this Article.

25.2 In addition to the above payment for commonly allocated generation and transmission assets, Navy will make a termination payment for facilities, provided subsequent to the effective date of this Agreement, and used exclusively to serve Navy, in accordance with the Federal Acquisition Regulation governing termination liability as follows:

(a) Facilities. GPA shall furnish and install at its expense the facilities described in Exhibit _____, attached hereto and made a part hereof.

(b) Ownership, Operation, and Maintenance of New Facilities. Unless purchased by the Navy under the provisions of paragraph (e) of this Article, the facilities to be supplied by GPA shall be and remain the property of GPA, and at all times during the life of this Agreement or any renewals thereof shall be operated and maintained by GPA at its expense.

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(c) Termination by GPA. In the event GPA terminates this Agreement or defaults in performance, the Navy shall have no obligation to pay GPA any amount for its connection obligation pursuant to the terms of this Agreement.

(d) Termination Prior to Completion of Facilities. In the event the Navy terminates this Agreement prior to completion of the facilities provided for herein, GPA shall be paid for its connection obligation, exclusive of profit, for the work performed with respect to these facilities.

(e) Termination Subsequent to Completion of Facilities. In the event the Navy terminates this Agreement subsequent to completion of the facilities provided for herein, and prior to _____*, the Navy shall pay GPA the sum of _____ dollars** less one _____*** of that amount for each month this Agreement remains in effect. In the event of termination, GPA shall remove within twelve (12) months any facilities located on Navy property, provided that the Navy shall have the option to purchase the facilities located on Navy property at the agreed salvage value of _____ dollars.

* Insert the date or length of time as negotiated.

** Insert lump sum, not to exceed cost of connection less salvage value.

Include breakdown of cost by items in the Exhibit attached.

*** Complete the fraction by inserting the number of months comprising the amortization period. A monthly amount in lieu of a fraction may be used. In that case, divide the lump sum by the number of months to derive the monthly

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amount and substitute the following language: "less (insert monthly amount) dollars multiplied by the number of months service has been received and paid for prior to the date of termination." If there is a probability that the facilities furnished under the above clause may be used at a later date to serve new consumers other than the Navy and no allowance for this has been made in computing the charge, additional provision should be included in the clause to assure that the Navy receives such credits as may be equitable under the circumstances.

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ARTICLE 26

Disputes Resolution

26.1 Rate Related Disputes. Matters involving accounting practices, allowability of costs, pricing and rates shall be referred to the PUC for disposition in accordance with the PUC's rule of practice and procedure. Should differences continue, either party may pursue an appeal to the Guam Superior Court and, if necessary, continue through normal judicial channels.

26.2 Arbitration of Other Disputes. Any controversy or claim arising out of or relating to this Agreement or the breach thereof, and all questions as to rights and obligations arising under the terms of the Agreement, except rate related disputes under Article 26.1, shall be submitted to nonbinding arbitration as set forth below.

- (i) Demand for Arbitration. If a dispute should arise under this Agreement, either party may make a demand for arbitration by filing a demand in writing with the other.

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- (ii) Appointment of Arbitrators. The parties may agree upon one arbitrator, but in the event they cannot agree, there shall be three, one named in writing by each of the parties within fifteen (15) days after demand for arbitration is given and a third chosen by the two appointed within twenty (20) days after demand for arbitration is given. The arbitrators shall have the necessary experience and qualifications as to the issues in dispute and shall be independent of the parties. Should either party refuse or neglect to join in the appointment of the arbitrator(s) or to furnish the arbitrator(s) with any paper or information demanded, the arbitrator(s) are empowered by both parties to proceed ex parte.
- (iii) Hearing. Arbitration shall commence within one (1) month of the selection of all the arbitrators and take place in the Territory of Guam. The hearing before the arbitrator(s) of the matter to be arbitrated shall be at the time and place as selected by the arbitrator(s). The arbitrator(s) shall select such time and place promptly after his (or their) appointment and shall give written notice thereof to each party at least ten (10) days prior to the date so fixed. At the hearing any relevant evidence may be presented by either party, and the formal rules of evidence applicable to

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judicial proceedings shall not govern. Evidence may be admitted or excluded in the sole discretion of the arbitrator(s). Said arbitrator(s) shall hear and determine the matter and shall execute and acknowledge their determination in writing and cause a copy thereof to be delivered to each of the parties.

- (iv) Arbitration Determination. If there is only one arbitrator, his decision shall be a decision of the panel, and if there are three arbitrators the decision of any two shall be a decision of the panel.
- (v) New Arbitrators. If three arbitrators are selected under the foregoing procedure but two of the three fail to reach an agreement in the determination of the matter in question, the matter shall be decided by three new arbitrators who shall be appointed and shall proceed in the same manner, and the process shall be repeated until a decision is finally reached by two of the three arbitrators selected.
- (vi) Cost of Arbitration. Each of the parties shall bear their costs of such arbitration.

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(vii) Further Proceedings. Should either party disagree with the determination of the arbitrators, after the completion of the arbitration proceedings set forth above, the Contracts Disputes Act of 1978 (P.L. 95-563) shall be followed to resolve such continuing controversy or claim.

26.3 If federal legislation is enacted that exempts this Agreement from the Contract Disputes Act of 1978, the appeal procedure in Articles 26.1 and 26.2 shall be to a court of competent jurisdiction or such appeal process as defined in the legislation exempting this Agreement from the Contract Disputes Clause.

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ARTICLE 27

Wheeling and Service Exchange

27.1 Except as otherwise agreed and defined in Table 1, any Navy loads that are served from GPA distribution facilities shall be included in the contract demand and will be billed by GPA at GPA's standard rate applicable to loads of comparable size and voltage level and subject to GPA Service Rules and Regulations. These loads are not included in the contract demand (as defined in Article 20), billing, cost of service and rate articles of this Agreement. However, Navy shall have full rights to supply the loads of these customers during system separation (as described in Article 17) and Navy may switch these loads to Navy owned facilities at any time.

27.2 The NCS housing load shall be included in contract demand (as defined in Article 20), billing, cost of service and the rate articles of this Agreement. In addition to the rates provided for in this Agreement, Navy will compensate GPA at a wheeling rate which reflects operation and maintenance cost incurred by GPA on the distribution facilities serving NCS housing plus any improvements to these facilities required for service to NCS housing, including a return on such improvements. The wheeling rate will be expressed on a cents/kWh basis and revised annually based on budget information.

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27.3 By mutual agreement, other Navy loads served from GPA distribution lines may be included in the contract demand (as defined in Article 20), billing, cost of service and rate articles of this Agreement. In addition to the rates provided for in this Agreement for deliveries to Navy at the specified Navy delivery points, the rates for deliveries to Navy at other delivery points shall be determined by mutual agreement of the parties to this paragraph, including the following:

27.4 Any GPA loads that are served from Navy distribution lines shall continue to be GPA customers, and will be billed by GPA. The demand and energy of these GPA customers will be removed from Navy delivery point loads for purposes of determining Navy allocation factors in cost of service studies, and for calculating Navy rates and power billings, and will not be included in Navy's minimum and maximum contract demands (as defined in Article 20). For each kWh delivered to GPA customers over Navy distribution lines, Navy will be compensated by GPA at a rate equal to the total cost of Navy's distribution facilities (including return), expressed on a kWh basis, as determined annually by Navy.

27.5 In determining GPA's and Navy's actual demands and energy usage, any adjustments required as a result of the loads referenced in Articles 27.2, 27.3 and 27.4 shall include all distribution losses up to the transmission level.

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ARTICLE 28

Service Rules and Regulations

28.1.1 Alternating current service of approximate sixty (60) hertz will be regularly supplied. (Direct current will not be supplied.)

28.1.2 Voltages referred to herein are cited at nominal levels as normally intended to be delivered. Actual levels may vary within acceptable industry limits as defined in American National Standard C84.

28.2 Phase and Voltage Specification. Services will be provided at 34.5 kV three phase, three wire, except as noted in Table 1.

28.3 Equipment Protection

28.3.1 Protection of Navy's Facilities. The Navy is responsible for furnishing, calibrating, installing, inspecting and keeping in good and safe condition at its own risk and expense, all appropriate protection devices of any kind or character, which may be required to properly protect the Navy's facilities. GPA will not be

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responsible for any loss or damage caused by the negligence or wrongful act of the Navy or Navy's agents, employees or licensees in omitting, installing, maintaining, using, operating or interfering with any such protective devices.

is
protective devices as necessary to coordinate properly with GPA's protective devices to avoid exposing other customers to unnecessary service interruptions.

28.4 Interference with Service

28.4.1 Voltage. If the Navy operates equipment which causes detrimental voltage fluctuations, Navy must reasonably limit those fluctuations. The Navy will be required to provide whatever corrective measures are necessary.

28.4.2 Current. If the Navy superimposes a current of any frequency upon any part of its electric system, other than the current supplied by GPA, Navy shall, at its expense, prevent the transmission of such current beyond its electrical system.

28.5 Other Conditions of Service. The Navy's loads shall be balanced on the three phases in accordance with good engineering practice.

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28.6 Billings for Electric Utility Service

28.6.1 Navy is required to pay the charges assessed in accordance with GPA's established rates and billing cycle for the electric utility services provided.

28.6.2 Billing Period. Electric utility services will be billed monthly.

28.6.3 Metered Service. Bills for metered service will be based on meter registration. Meters will be read as required for the preparation of regular bills.

28.6.4 Estimated Bills. If, because of unusual conditions or for reasons beyond its control, GPA is unable to read the Navy's meters on the scheduled reading date, GPA may bill the Navy for estimated demand and consumption during the billing period, and make any necessary corrections when a reading is obtained. Estimated demand and consumption for this purpose will be calculated considering the Navy's prior usage. Adjustments for any under or overestimate of a Navy's demand and consumption will be reflected on the next regularly scheduled billing based on an actual reading following the period of inaccessibility.

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28.6.5 Conjunctive Billing. The Navy's billing will be on a conjunctive basis.

28.7 Payment of Bills. Payment will be made in accordance to the Prompt Payment Act of 1982 and Article 4.

28.8 Meter Test

28.8.1 GPA will conduct meter testing to ensure accurate meter registration.

28.8.2 National Standards

28.8.2.1 Meters and associated metering devices will be tested and adjusted by GPA personnel in conformity with the standards of the American National Standards Institute Code for Electricity Metering (ANSI) C12-1975, or latest edition.

28.8.2.2 GPA will test meters individually. No meter will be placed in service or allowed to remain in service which is found to have more than a two percent (2%) registration error under normal operating conditions.

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28.8.2.3 When tested, all meters and/or associated devices will be adjusted by GPA personnel as close to the condition of zero error as possible. All tolerances are to be interpreted as maximum permissible variations from the condition of zero error. When making adjustments, the prescribed tolerance limits shall not be taken advantage of.

28.8.2.4 GPA will not install a meter which is known to be defective. The capacity of the meter and the index mechanism shall be consistent with the Navy electric power requirements.

28.8.3 Testing Removed Meters

28.8.3.1 When deemed necessary, meters and/or associated devices will be tested after they are removed from service. These tests will be done before the meters and/or associated devices are adjusted, repaired or retired. No meter will be allowed to remain in service which is found to have an error in registration in excess of the prescribed tolerance limit.

28.8.4 Navy Requested Test. Navy may request GPA to test their electric meter at no charge once every six (6) months. The cost of any additional tests will be borne by the Navy if the percentage of error is found to be no more than two percent (2%). Tests will be conducted within ten (10) working days of receipt of request.

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28.8.5 Test Report. The Navy will have the right to witness GPA's test of the meter or, if it desires, have the presence of an expert or other representative appointed by the Navy. A report giving the results of the test will be provided to the Navy within ten (10) working days of the test. A copy of the report, together with a complete record of each test, will be kept on file by GPA for at least three (3) years.

28.9 Adjustment of Bills

28.9.1 For Meter Error

28.9.1.1 If, after testing, any meter is found to be registering more than two percent (2%) fast, GPA will refund or credit to the Navy the overcharge based on corrected meter readings for the period in which the meter was in use, not to exceed one hundred eighty (180) days, unless it can be shown that the error was due to a particular cause, the date of which can be reliably established or computed back to but not beyond that date, and in no case beyond twelve (12) months.

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28.9.1.2 If, after testing, a meter is found to register more than two percent (2%) slow, GPA's billing adjustment will be for electric energy consumed up to one hundred eighty (180) days prior to date of test. If the actual period of error has been determined to exceed one hundred eighty (180) days, the adjustment will cover that total period, but in no case beyond twelve (12) months.

28.9.2 For Billing Error

28.9.2.1 If the Navy is overcharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, incorrect multiplier or other similar reasons, the amount of the overcharge will be adjusted, refunded or credited to the Navy based on corrected billing for the preceding one hundred eighty (180) days, subject to the provisions of Article 28.9.2.3 below.

28.9.2.2 If the Navy is undercharged as a result of incorrect reading of the meter, incorrect application of the rate schedule, incorrect connection of the meter, incorrect multiplier or other similar reasons, the undercharge will be billed to the Navy based on corrected billing for the preceding one hundred eighty (180) days, subject to the provisions of Article 28.9.2.3 below.

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28.9.2.3 When it is found that a billing error has been made, the date of which can be reliably established, the overcharge or undercharge will be computed back to but not beyond that date, and not beyond twelve (12) months.

28.10 Service Connections and Facilities on Navy's Premises

28.10.1 All meters will be installed by GPA at approved locations on Navy's premises and will be placed so they are easily accessible for inspections, reading and testing.

28.10.2 The Navy will, at its expense, provide an alternate and approved location for all meters in order to comply with the foregoing whenever the existing meter or meters becomes inaccessible for inspection, reading or testing by reason of any changes made by the Navy.

28.10.3 All GPA meters and related metering equipment will be sealed by GPA and no seal will be tampered with or broken except by a duly authorized representative of GPA.

28.11 No Unauthorized Work. Only a duly authorized representative of GPA or a Navy employee under the direction of the IWPS power dispatcher may connect or disconnect the Navy's conductors to or from GPA's conductors.

28.12 Responsibility for Navy Electrical Facilities

28.12.1 Good and Safe Condition. The Navy will, at its sole risk and expense, furnish, install, inspect and keep in good and safe condition all electrical facilities beyond the point of delivery required for receiving electric energy, including any necessary protective devices, regardless of the location of the transformers, meters or other GPA equipment.

28.12.2 Navy Side (Point of Delivery). The Navy will be solely responsible for the delivery of all electric energy on its side of the point of delivery.

28.12.3 Adjusting Protective Equipment. Whenever GPA determines coordination is required between the Navy's protective equipment and that of the GPA, GPA will review and, if it approves, will agree to the arrangement and setting of the Navy's protective equipment. In the interest of service reliability to the Navy and other customers, GPA may from time to time require the Navy to submit evidence that the agreed upon coordination is maintained.

28.12.4 Navy Responsibility for Actions. GPA will not be responsible for loss or damage caused by the negligence, lack of proper care or the wrongful act of the Navy, its agents, employees, or licensees in installing lines, machinery, apparatus or equipment.

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28.13 Access to Premises. GPA shall have access to any premises served at all reasonable times during the continuance of this Agreement and at its termination for the purposes of installing, repairing and removing GPA's equipment, and for any other proper purpose hereunder provided, however, that Navy may limit or restrict such right of access in any manner considered by the Navy to be necessary or advisable.

28.14 Shortage of Electric Supply and Interruption of Delivery

28.14.1 Shortage and Interruption. GPA will exercise reasonable diligence and care to furnish and deliver a continuous and sufficient supply of electric energy to the Navy. However, it does not guarantee continuity or sufficiency of supply since electric service is inherently subject to interruption, suspension, curtailment and fluctuation.

28.14.2 Temporary Suspension for Repairs. Whenever temporary suspension is necessary for the purpose of making repairs or improvements, GPA will notify and coordinate with the Navy and proceed as rapidly as possible to avoid Navy inconvenience.

28.15 Resale of Electric Energy. It is expressly understood and agreed that Navy has the right to resell electric utility services to its customers as defined in Article 2.3.

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28.16 Parallel Operations. The operation of Navy generating facilities in parallel with the IWPS will be planned and coordinated with and approved by the IWPS power dispatcher.

28.17 Line Extensions. Extensions of lines necessary to furnish permanent 34.5 kV service to the Navy will be made by modifications to this Agreement in accordance with the following provisions:

28.17.1 General

28.17.1.1 Ownership, Operation and Maintenance. GPA will construct, own, operate and maintain electric lines and equipment only under, along, upon and over public streets, roads and highways where it has the legal right to do so, and on public lands and private property across which it has otherwise obtained rights-of-way or other necessary rights satisfactory to GPA.

28.17.1.2 Special Facilities. GPA will install only those facilities which it deems necessary to render service in accordance with GPA's standard facilities for 34.5 kV service. If the Navy requests facilities which are acceptable to GPA but are in addition to, or in substitution for, the standard facilities which GPA normally would install, the Navy shall make a contribution to cover the extra cost thereof.

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28.17.1.3 Refunds. GPA will have the right to connect subsequent customers to all Navy line extensions. If these are permanent connections and are made within five (5) years of the date the line extension is energized, subsequent customers connected will be treated for purposes of extension allowance and charges as if they were included among the customers for whom the extension was originally constructed. Reallocation of these charges among the customers will be made on the same basis. Refunds, if any, to the Navy will also be made on the same basis. The line extension allowance will be calculated from a permanent customer's point of delivery toward the source of supply. No refund will be made on any contribution to GPA for any cost of line extension beyond the free length if the Navy should terminate its original request less than thirty (30) months of the date permanent power was installed.

28.17.2 Overhead Extensions

28.17.2.1 Extension Allowance. Overhead line extensions will be made by GPA at its expense provided the cost of the line required does not exceed thirty (30) months' estimated revenue derived from the line. GPA will install, own, operate and maintain the necessary meters and switching and protective equipment at its expense, except where the Navy requests special facilities as covered by Article 28.17.1.2 above.

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28.17.2.2 Extensions Beyond Allowance. For overhead line extensions whose estimated cost exceeds the thirty (30) months' estimated revenue to be derived from the line, the Navy shall make a contribution equal to the difference between the estimated line cost and the thirty (30) months' estimated revenue. The estimated line cost will exclude meters, switching and protective equipment, and will be based on the route determined by GPA. When a line extension is to be installed on Navy property, the route of any portion on Navy property must be mutually agreed to by Navy and GPA.

28.17.3 Underground Extensions

28.17.3.1 General. GPA will install underground line extensions only when the Navy makes a contribution of the estimated difference between the cost of the underground system and the cost to the Navy of an equivalent overhead system in accordance with Article 28.17.2 or when, for engineering and operating reasons, GPA may install the system underground at its own expense. The type of underground system that will be installed under this rule shall meet engineering construction standards of GPA. When an underground line extension is to be installed on Navy property, the Navy will normally provide

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necessary supporting structures (ducts, manholes, etc.) and appropriate rights-of-way. GPA will install, own, operate and maintain the underground facilities outside of Navy property.

28.17.3.2 Replacement of Overhead with Underground Facilities. When mutually-agreed upon by the Navy and GPA, overhead facilities will be replaced with underground facilities, provided the Navy makes a contribution of the estimated cost installed of the underground facilities less the estimated net salvage of the overhead facilities removed.

28.18 Discontinuance of Service. GPA will not provide service to electrical equipment which, when operated, will be detrimental to GPA's or another customer's equipment. GPA will discontinue service to a Navy delivery point if the Navy continues to operate the equipment at that delivery point after being notified in writing by GPA to discontinue the operation. Discontinuance of service to any Navy delivery point will in no way affect service at other Navy delivery points.

28.19 Ability to Serve Other Customers From Facilities on Navy Property. All facilities installed by GPA at its expense on Navy's premises for the purpose of delivering electric energy to the Navy will continue to be the property of GPA and will be removed at the termination of service. These facilities may also be used to supply other customers whether or not on the same premises, provided the proper easement agreements have been obtained.

28.20 Navy Responsibility for GPA's Property. In the event of loss or damage to GPA's property on the Navy's premises caused by the Navy's tenants, agents or employees, either intentionally or arising from negligence, carelessness or misuse, the cost of repairs or replacements will be at the Navy's expense.

28.21 Unsafe Equipment or Condition

28.21.1 Service Refusal. GPA will have the right to refuse or discontinue service to a GPA point of delivery to Navy if Navy wiring or other equipment at that delivery point, or the use thereof, GPA has determined is unsafe or in violation of applicable laws, ordinances, rules or regulations of any public authority. GPA can also refuse service at a GPA point of delivery to Navy if it finds that any condition on the Navy's premises at that delivery point could endanger GPA's service facilities. Refusal or discontinuance of service to any Navy delivery point will in no way affect service at other Navy delivery points.

28.21.2 Service Discontinued. GPA may discontinue service to a Navy delivery point immediately and without notice if GPA determines a hazardous condition exists or if the Navy threatens to create a hazardous condition at that delivery point. Service will not be restored until GPA is satisfied changes have been made to eliminate

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the hazardous condition. Discontinuance of service to any Navy delivery point will in no way affect service at other Navy delivery points.

28.21.3 Navy Notification of Defect. GPA does not assume any responsibility to inspect or repair the Navy's electrical system, other equipment or any part thereof. In the event the Navy has knowledge that its service is in any way defective, it is its responsibility to notify GPA at once. GPA will not be liable or responsible for any electrical system, appliances, facilities, or other equipment beyond the point of delivery which it does not own or maintain in accordance with these rules except for damage where GPA's characteristics of service do not meet acceptable industry limits per Article 28.1.

TABLE 1GPA Points of Delivery to Navy

1. Alpha/Bravo Wharf - Line side X206 disconnect switch
2. YFP-14 Power Barge - Bus side X205 disconnect switch
3. Transformer 23 at Radio Barrigada Sub - Bus side 34.5 kV disconnect switch
4. Transformer 24 at Radio Barrigada Sub - Bus side 34.5 kV disconnect switch
5. Transformer 14 at Marbo Sub - Bus side 34.5 kV disconnect switch
6. Transformer 15 at Andersen Air Force Base - Bus side 34.5 kV disconnect switch
7. Transformer 16 at Andersen Air Force Base - Bus side 34.5 kV disconnect switch
8. Transformer 47 at NCS Sub - Line side 34.5 kV disconnect/fuse
9. Transformer 22 at Harmon Sub - Bus side X-83 disconnect switch
10. Transformer 21 at Harmon Sub - Bus side X-85 disconnect switch
11. Transformer 44 at Harmon Sub - Bus side X-94 disconnect switch *
12. Transformer 9 at Agana Sub - Bus side X-48 disconnect switch
13. Transformer 11 at Orote Substation - Bus side 34.5 kV disconnect switch
14. Transformer 12 at Orote Substation - Bus side 34.5 kV disconnect switch
15. Transformer 132 at Cold Storage Substation - Line side 34.5 kV disconnect switch
16. Transformer 48 at Wilson Homes - Line side 34.5 kV disconnect switch
17. Transformer 7 at Piti Substation - Bus side X-7 disconnect switch *
18. Transformer 8 at Piti Substation - Bus side 34.5 kV disconnect switch
19. Transformer 110 at Potts Junction - Line side 34.5 kV disconnect/fuse
20. Transformer 6 at YFP-10 Substation - Bus side 34.5 kV disconnect switch
21. Breaker X34 at Orote Substation, Victor Wharf - Bus side X34 disconnect switch
22. P44 riser poles LC-60 and LC-69 at NCS housing **

* To be revised when transferred to GPA

** Service at 13.8 kV

NOTE: Billing adjustments, depending upon switch positions and distribution circuit configuration, will be required.

TABLE 2Distribution, Emergency and Stand-by Facilities to be Retained by Navy

1. All on-base 4.16 kV, 13.8 kV and 34.5 kV distribution feeder/circuit breakers, lines, and associated buses and equipment, relaying, metering, control systems and miscellaneous equipment.
2. Breaker and Line P1 to Asan Water Pump Station
3. Breaker and Line P2 to Naval Station
4. Line P4 to Navy DCC
5. Breaker and Line P6 to COMNAVMAR
6. Breaker and Line P134 to Apra Heights and NAVMAG
7. Breaker and Line P135 to Naval Station
8. Breaker and Line P13 to Camp Covington
9. Line P6 lateral to Agana VORTAC (on Nimitz Hill)
10. Breaker and Line P138 to Naval Hospital
11. Breaker and Line P26 to Naval Hospital
12. Breaker and Line P27 to NAS
13. Breaker and Line P30 to NAS
14. Breakers and Line P142/102 NCS Barrigada/NAS
15. Breakers and Line P140/P103 NCS Barrigada/NAS
16. Breaker P46 at Harmon
17. Breaker and Line P112/P48 to NCS and Ritidian
18. Breaker P111 at Harmon
19. Breaker and Line P67 to Mt. Santa Rosa
20. Breaker and Line P54 to AF Wells in Marbo Annex
21. P-54 line section from Andersen AFB main gate to Potts Junction
22. Breaker and Line P52 to NCS Barrigada
23. New underbuilt 13.8 kV East side Rt. 1 Harmon to Andersen
24. Step down 34.5 kV transformers

T-6	T-14	T-23	T-43	T-49
T-8	T-15	T-24	T-44 NAVSTA	T-110
T-9	T-16	T-40	T-45	T-132
T-11	T-21	T-41	T-47	
T-12	T-22	T-42	T-48	
25. Agana Power Plant *
26. Orote Power Plant *

* Agana and Orote Power Plants will be made available to serve the Island-wide Power System on a priority basis and will be counted as generation capacity available to GPA to meet the required one day in ten years loss of load probability (LOLP) planning criteria.

TABLE 3Navy Joint Use Generation and Transmission Facilities

1. Breakers 1 through 5, 8 through 14 and 20 through 24 at Piti
2. Breakers 201, 202 and 204 at YFP-10 Substa
3. Breakers 30, 31, 32 and 35 at Orote
4. Transmission line between breakers 20 and 202
5. Transmission line between breakers 35 and 201
6. Transmission line between breakers 21 and 22
7. Transmission line between breakers 26 and 27
8. Transmission line between breakers 24 and 40
9. Transmission line between breakers 45 and SW. 04-12
10. Breakers 40, 41, 42, 43, 45, 46, 47 and 49 at Agana
11. Transmission line between breakers 41 and 81
12. Transmission line between breakers 42 and 80
13. Breakers 80, 81, 82, 84, 86, and 87 at Harmon
14. Transmission line between breakers 73 and 87
15. Breakers 70, 71, 72 and 73 at Andersen Air Force Base
16. Transmission line between breakers 82 and 70
17. Transmission line between breaker 55 and SW. 34-12
18. Transmission line between breakers 56 and 65
19. Transmission line between breakers 66 and 71
20. Breakers 55, 56 and 58 at Radio Barrigada
21. Breakers 65 and 66 at Marbo
22. Breakers 100 and 101 at Tanguisson
23. Transmission line between breakers 86 and 101
24. Piti Power Plant
25. Tanguisson Unit No. 1
26. New Gas Turbine Plant and its 34.5-13.8 kV Substation at Marbo (proposed)

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TABLE 4

Navy 13.8 kV Distribution and 34.5 kV Assets To Be Transferred To GPA

(Effective when GPA and Navy rearrange and construct distribution feeders and circuits as shown in Appendix F).

1. Piti step down transformer T-7 (34.5/13.8 kV; 10,500 kVA), Breaker X-7, T-7 bus, 13.8 kV breakers P-3, P-4, P-7 and one spare breaker.
2. Harmon transformer T44 (34.5 kV/13.8 kV; 7,000 kVA), Breaker X-94, Breaker P-44, Feeder P-44 and associated equipment.
3. A stepdown transformer (34.5 kV/13.8 kV; 6,250 kVA) and two breakers to be installed at Marbo substation.
4. Feeder line P-1 from Piti substation to Cabras Island (section North to Asan to be retained by Navy).
5. Feeder line P-7 in total.
6. Feeder line P-29 (any line sections not previously transferred).
7. Feeder line P-31 (any line sections not previously transferred).
8. Feeder Line P-46 in total.
9. Feeder line P-47 from two unnumbered poles south of pole DH-17 North to pole DH-128 (any line sections not previously transferred).
10. Feeder line P-53/P47 (any line section not previously transferred).
11. Feeder line P-54 from pole MC-29 through pole MC-143/PQ178 (any line section not previously transferred). Line section from MC-143/PQ178 to Potts Junction is retained by Navy.
12. Feeder line P-111 in total.
13. The line section of P-137 from pole KC-55 to pole KC-98.

APPENDIX AAnnual Review and Performance Standards

The independent third party will perform an annual review during the interim period of GPA's progress toward achievement of the performance standards and milestones, supporting standards and indicators included on pages 4 through 20. The report of the independent third party will be prepared as soon as practicable after GPA's fiscal year end. The report will be addressed to Department of Interior with copies provided to GPA and Navy.

The review will be performed in accordance with the following process:

- GPA and Navy provide written comments, performance measure calculations and supporting work papers to the independent third party regarding GPA's actual performance achieved and other matters relevant to the evaluation
- Independent third party conducts on-site reviews of submissions, independently verifying factual information, including but not limited to interviews, on-site inspections, review of documents and tests of underlying processes and procedures used in development of submissions
- Independent third party conducts exit briefings to orally confirm its understanding of facts and interpretations with GPA and Navy
- Independent third party submits draft report to Department of Interior, GPA and Navy for their review and comment. As necessary, third party will verify factual assertions and respond in writing to comments provided by all parties

- Independent third party submits final report to Department of Interior, GPA and Navy.

The report will contain the independent third party's findings and conclusions with respect to the levels of performance actually achieved by the IWPS. In addition, the report will contain an overall evaluation of GPA's performance and ability to assume responsibility for the IWPS with respect to management, generation, transmission and distribution, dispatch control and finance. The overall evaluation will encompass GPA's performance against standards and those supporting standards that do not correspond to a specific standard as well as the items discussed in the following paragraphs.

The report will also contain the independent third party findings as to extraordinary or unusual occurrences during the period under review which are without the fault or negligence of GPA and their effect on the levels of performance achieved by the IWPS. Secondly, the independent third party will take into consideration significant Navy PWC Guam actions or inactions under this Agreement or non-Agreement items that Navy PWC Guam assumes responsibility for, which resulted in higher or lower performance levels than would otherwise have been achieved, provided that GPA give Navy timely notice of any Navy PWC Guam action or inaction known to GPA that it believes affects the level of performance. These items will be considered in developing conclusions as to whether the performance standards have been achieved.

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Due to the importance of financial standards evaluations, the following items are identified for consideration by the independent third party in preparing its overall evaluation of GPA's financial performance and ability to assume responsibility for the IWPS. The financial performance standards were developed to support GPA's access to credit markets at all times at reasonable interest rates. Accordingly, the financial review will encompass those factors utilized by rating agencies and financial institutions for evaluation of an entity's creditworthiness. The evaluation will recognize the relative importance of individual financial ratios in evaluating GPA. Investment-grade bond ratings obtained or other tangible evidence of credit market evaluation of GPA will be considered in the evaluation. The independent third party will consider changes in financial markets and the financial ratios achieved by other municipal utilities. Further, the independent third party will consider whether performance significantly above financial standards in some areas offsets below-standard performance in other areas. Matters external to GPA but bearing on its creditworthiness will also be considered.

MANAGEMENT PERFORMANCE STANDARDS

1. Appropriate long-range plans should be developed and updated annually by management and submitted to the Board of Directors for information.
2. An organizational structure should exist within GPA that supports achievement of long-range goals and enables it to operate effectively on a day-to-day basis.
3. Complete and updated management and personnel procedures and guidelines should exist and be enforced.
4. Experienced and qualified personnel should be employed for the key senior management positions.
5. For each major operating function, short-term goals and long-term objectives should be defined, justified, approved and monitored.

GENERATION PERFORMANCE STANDARDS

1. For planning reliability, a standard of one (1) day in ten (10) years loss of load probability (LOLP) as measured in the manner customary for a U.S. utility should be met. We recommend the PICES programs for this calculation.
2. For operating reliability, we recommend a four (4) days in ten (10) years LOLP as measured in the loss of load probability measured from actual experience, unless Navy is to pay for the extra fuel cost of a 66 MW spinning reserve. If Navy owned and operated units contribute more than ten (10) hours in ten (10) years loss of load, the excess is to be deducted from LOLP in calculating the actual performance.
3. (a) The average equivalent availability of the GPA maintained and operated units should exceed eighty-five percent (85%) collectively. (b) Single unit should fall below eighty percent (80%) equivalent availability. This should be calculated on a four (4) year rolling average basis.
4. The equivalent forced outage rate of GPA's operated and maintained units should be no more than fifteen percent (15%) in any year for any unit.
5. The weighted average equivalent forced outage rates of GPA's operated and maintained units should not exceed eight percent (8%), calculated as a four (4) year rolling average.
6. Deviations from design net heat rate curves should not exceed four percent (4%), calculated as a two (2) year rolling average for base load units (Cabras).
7. Deviations from design heat rate curves for cycling units (Tanguisson) should not deviate more than five percent (5%) calculated as a two (2) year rolling average. This standard does not apply to Tanguisson #1 unless the Navy reimburses GPA for input/output testing.
8. Annual average heat rates should not deviate from design heat rates by more than seven percent (7%) for base load units and ten percent (10%) for cycling units.

TRANSMISSION AND DISTRIBUTION PERFORMANCE STANDARDS

1. Voltage delivery should be within five percent (5%) of the prescribed voltage (e.g., for secondary - 120 V \pm 6 V).
2. Substation and transmission circuit outages should contribute no more than one-tenth (.10) days per year to loss of load incidence. This should be calculated as the loss of load incidence weighted average of all transmission circuits and substations. 1/
3. Distribution outages should contribute no more than three-tenths (.30) days per year to loss of load incidence. This should be calculated as the load weighted average of all distribution circuits. 1/
4. There should be no overloaded circuits in a normally configured system. Performance should be calculated by comparing monthly peak circuit loads with circuit ratings.
5. Overloaded circuits should be reconfigured within two (2) months.

1/ Further data analysis may result in adjustment of target indicators.

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DISPATCH CONTROL CENTER PERFORMANCE STANDARDS

1. No more than one (1) trip per circuit mile per year should occur on the distribution system.
2. The average outage duration on distribution circuits should not exceed thirty (30) minutes. 1/
3. No more than one (1) trip per circuit mile per year should occur on the transmission system.
4. The average outage on transmission circuits should not exceed fifteen (15) minutes. 1/
5. SCADA availability should exceed ninety-nine point five percent (99.5%).

1/ Further data analysis may result in adjustment of target indicators.

FINANCE PERFORMANCE STANDARDS

These standards should be met by GPA on the basis of a four (4) year rolling average computation.

1. Liquidity & Leverage

a. Current Ratio	2.60
b. Debt Service Coverage	2.00
c. Internal Funds to Debt Service	2.25
d. Debt to Equity Ratio	1.60
e. TIER	2.20
f. Equity Capitalization	50.0%
g. DEBT TO NET FIXED ASSETS	20.0%
h. Internal Funds to Interest	3.0
i. LTD Capitalization	50.0%

2. Asset Management

a. Inventory Turnover	10.00
b. Fixed Asset Turnover	.55

3. Margin Management

a. Gross Margin	18.0%
b. Operating Margin	10.0%
c. Gross Margin Excl. Depr.	27.5%
d. Operating Margin Excluding Interest & Depreciation	30.0%

4. Profitability

a. Return on Total Assets	4.3%
b. Operating Return on Net Fixed Assets	8.0%
c. Return on Net Fixed Assets	6.5%
d. Return on Equity	8.0%

5. Capital Investment Ratios

a. Internal Funds to Capital Expenditures	1.70
b. Depreciation Expenditures to Gross Fixed Assets	2.9%
c. % Depreciated Plant	32.5%
d. Depreciation Expenditures to Total Assets	3.0%
e. Depreciation Expense to Capital Expenditures	.85

MANAGEMENT PERFORMANCE SUPPORTING STANDARDS

1. Performance indicator targets should be set for:
 - (1) Percentage of work hours devoted to training. These work hours include all types of training (on-the-job, off-site, etc.) and represent an aggregate figure, not an individual level. Based on our limited analysis, we believe that three percent (3%) is a reasonable target for GPA by 1988. However, GPA will need to reassess this target once its formal training plans are completed.
 - (2) Percentage of employees exposed to minimum level of training. This indicator measures how many employees received a minimal level of training, such as two days per year. This level should be set when the training plan is completed.
2. Performance targets should be set for safety incidents. We believe that GPA should establish a target at least better than the average of the previous year's APPA and National Safety Council figures (or the most recent year available).
3. Performance targets should be set or continued for collections/revenue, bad debts and AR lag. The collection/revenue target of ninety-five percent (95%) should be maintained. The bad debt percentage should be monitored, and it should not go above three-tenths percent (0.3%). The AR lag should be monitored on an ongoing basis. Assuming that the Rules and Regulations are changed to clearly reflect that bills are due and in arrears in fifteen (15) days, the residential lag should not go above twenty-two (22) days, and the large commercial/industrial customer lag should be reduced to twenty-two (22) days. This would result in an annual savings of fifty six thousand dollars (\$56,000). The government AR lag should be reviewed once the dispute with the government is resolved.
4. Performance indicator targets should be set for customer complaints and consumer survey information.
5. Performance targets should be set for overall customer service workload and productivity measures. These indicators include customer service O&M expense per MWh and per thousand (1000) customers, and customer service FTE staffing years per MWh and per thousand (1000) customers.

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GENERATION PERFORMANCE SUPPORTING STANDARDS

1. The automated Maintenance Management System should be in place.
2. Input/output testing should be completed.
3. Shift supervisors will notify dispatchers if a forced outage appears likely.
4. No more than one cycle backlog should exist in preventive maintenance. This means that if a PM is scheduled monthly, it should lag no more than one (1) month in performance. Similarly, a PM with a four (4) month cycle should lag no more than four (4) months.
5. Remote start capability should be installed at diesel stations.
6. Availability should be calculated on an equivalent basis.
7. A formal notice of disciplinary action should be issued in the event that employees misrepresent plant status/availability. Both Navy and GPA must adhere to this standard.
8. Preliminary planning for a new unit(s) should begin.

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TRANSMISSION AND DISTRIBUTION PERFORMANCE SUPPORTING STANDARDS

1. Install voltage recording meters on selected feeders (those with a history of problems and/or complaints).
2. Voltage sample each feeder at least once per year. DISTANL modeling can satisfy if results correlate well with actual readings (\pm ten percent (10%)).
3. Quantify unserved energy due to transmission and distribution outages both on an aggregate MWh basis and on a per substation basis, by month.
4. Quantify unserved energy on the distribution system both in aggregate and individually for circuits and major laterals, monthly.
5. Report actual feeder loading data and trip information separately for transmission and distribution.
6. Develop a system to compare circuit peak loadings with circuit ratings on a monthly basis.
7. GPA should acquire the capability to design, test, install, coordinate and calibrate protective relays on the IWPS.
8. An equipment history data base should be developed that contains data on T&D equipment failures.
9. Electrical engineering talent should be added to Engineering. A total of two to three engineers and two to three technicians must be added.
10. The DISTANL data base should be completed.
11. Planning and reliability criteria should be formulated in a stand-alone volume.
12. Three phase metering should be installed on all transmission and distribution circuits and incorporate the output into MW accounting.
13. Preventive maintenance schedules in each area should be formulated.
14. No preventive maintenance activities should be more than one (1) cycle behind (for example, a PM activity scheduled monthly should be no more than one (1) month late in being completed).
15. The following should be incorporated into PM schedules:
 - Monthly line patrols of all main line distribution circuits and all major laterals.
 - Monthly substation inspections of all major substation equipment.
 - Annual thermavision inspections of all distribution, transmission, and substation load carrying facilities.

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16. Testing of gloves and rubber goods on a monthly cycle should be implemented. Test bucket truck booms semiannually.
17. A work monitoring and utilization reporting system should be instituted to report hours against activities on a maintenance vs. capital basis.
18. A Material Manager should be hired.
19. Stock-out, turnover and stock stratification material reporting systems should be implemented to track supplies.
20. A transportation performance monitoring system should be implemented.

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DISPATCH CONTROL CENTER PERFORMANCE SUPPORTING STANDARDS

1. Dispatchers should track individual circuit performance including trips per circuit and duration of trips with a monthly report.
2. Joint manning project should be completed.
3. SCADA availability monthly should be formally tracked.
4. Backup air conditioning for the SCADA system should be provided.

FINANCE PERFORMANCE SUPPORTING STANDARDS

1. A process, forms and procedures to identify, evaluate and approve financial goals and objectives at the department, division and section levels should be developed.
2. Goals and objectives for the finance function and each of its departments, divisions and sections should be developed, reviewed and approved.
3. A methodology to monitor and report on achievement of goals and objectives should be developed and implemented.
4. A comprehensive financial policy and procedure manuals for financial reporting, general ledger accounting, payroll, cost distributions, stores property accounting, fuel accounting, revenue accounting, power pool settlements, rates, budgets and cost control, cash management and internal audit should be developed.
5. The organization of the finance functions should be revised.
6. Existing staff positions and new staff to support the revised financial organization should be employed.
7. Periodic financial planning including the development of financial modeling capability should be formalized and implemented.
8. The roles of management, the Board and outside advisors in soliciting, analyzing and selecting financing should be defined.
9. The degree of autonomy that GPA has in issuing financing and the role of other parties in GPA financings should be defined.
10. An internal audit function independent of GPA management and separate from the budget function should be developed and implemented.
11. The operating budgeting document and supporting budget preparation process should be modified to reflect all important aspects of GPA for a two (2) year period.
12. The economic evaluation assumptions, methodology and review process should be formalized and standardized.

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MANAGEMENT PERFORMANCE INDICATORS

1. Define and document key Board responsibilities and indicate specific actions required by GPA management to support those responsibilities.
2. Develop formal mission statements and corporate goals and objectives.
3. Complete preparation of the position descriptions for the positions of general manager, assistant general manager - operations, and assistant general manager - administration and controller.
4. Improve the training function.
5. Complete current personnel system enhancements and expand capabilities of personnel system.
6. Improve the performance appraisal process and its application.
7. Exercise all aspects of the compensation process that currently allows GPA to pay for performance.
8. Implement a performance award program.
9. Justify all further proposals to the CSC for pay level changes on the basis of accepted compensation principles.
10. Improve the human resource development and planning functions
11. Institute an employee survey to develop continually information on attitudes and beliefs.
12. Set timetables for completion of the claims division SOP manual and business plan.
13. Perform a cost-benefit analysis on establishing internal legal counsel.
14. Continue to improve the safety program.
15. Establish an administrative support department.
16. Consider enhancing the role of the public relations officer.
17. Review energy theft and provide employee incentives for identifying theft.
18. Develop and implement specific action plans to enhance consumer relations.

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GENERATION PERFORMANCE INDICATORS

1. Fill the mechanical and proposed electrical engineering slots.
2. Recruit a successor to the Manager of Generation.
3. Continue the development of written maintenance procedures.
4. Provide more authority to shift supervisors to operate their units.
5. Selectively add special tools to CM's tool stock (e.g., magnetic base drills).
6. Monitor the work load of the CM superintendent.
7. Remove the acting designation from the plant superintendent and assistant plant superintendent at Cabras or replace them.
8. Create a slot for an operations supervisor at Cabras.
9. Add a shift supervisor to the relief shift at Cabras.
10. Begin the practice of estimating all MJOs at Cabras.
11. Direct the mechanical maintenance supervisor to inspect/test all repaired equipment and to sign off on completed MJOs at Cabras.
12. Clean up the maintenance history file at Cabras.
13. Involve plant management in preventive maintenance at Cabras.
14. Direct the mechanical maintenance supervisor to bring his PMs and his recordings thereof up-to-date at Cabras.
15. Replace the lost mechanical PM book at Cabras.
16. Create task cards for both mechanical and electrical PMs at Cabras.
17. Require a requisition form signed by the cognizant maintenance supervisor, for drawing parts from the store room at Cabras.
18. Create a slot for an operations supervisor at Tanguisson.
19. Initiate the practice of estimating all MJOs at Tanguisson.
20. Involve plant management at Tanguisson in preventive maintenance.
21. Direct the electrical maintenance supervisor at Tanguisson to bring his PMs and associated paperwork up-to-date.

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22. Construct a new parts storage area at Tanguisson.
23. Develop a way to record uncorrected problems at the diesel plants and a way to clear these problems when corrected.
24. Continue the improvement of procedures at the PM diesel stations.
25. Change the calculation system for unit availability to put all statistics on an equivalent basis (e.g., EFOR, EPOR, EAF).
26. Monitor Tanguisson Unit its equivalent availability, to ensure that 100% good performance is continued.
27. Spinning reserve levels should be dynamically set to cover the largest, non-Cabras generator's load.
28. Utilize more careful dispatch to minimize low load problems on Cabras units.
29. Equivalent planned outage rates on any GPA operated and maintained unit should not exceed ten percent (10%), calculated on a four (4) year rolling average.
30. Planned outage rates on any GPA operated and maintained unit should not exceed twenty-two percent (22%) in any year (this allows for eight (8) week turbine overhauls plus incidental work).
31. Hire a forecasting specialist.
32. Formalize the forecasting process.
33. Update forecasting techniques.
34. Maintain more large customer contact.
35. Develop and implement customer surveys.
36. Develop forecasting follow-up procedure.

TRANSMISSION AND DISTRIBUTION PERFORMANCE INDICATORS

1. Formulate a valuation procedure for reactive power.
2. Establish an in-house relay capability in the design section.
3. Document design standards.
4. Update as-built substation drawings.
5. Adopt a policy to reuse major materials.
6. Record the man-hours to complete all jobs done by Engineering.
7. Complete the construction cost estimating program in Customer Service Engineering.
8. Quantify the Customer Service backlog.
9. Study the availability of open stock truck items for the overhead vehicles.
10. Study the use of contractors in the overhead area to shave workload peaks and to provide additional capability.
11. Provide training in the overhead lines area on a continuing basis.
12. Recruit more personnel in the relay and substation areas.
13. Investigate the use of solid state relays in place of electromechanical relays.
14. Acquire additional substation spare parts and transformers.
15. Maintain stock-out, turnover, and stock stratification information on an up-to-date basis.
16. Install the procedure of purchasing of similar items by lots.
17. Update the vehicle equipment history files.

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DISPATCH CONTROL CENTER PERFORMANCE INDICATORS

1. Formalize emergency system operation conditions.
2. Perform an analysis of the addition of a training simulator for dispatchers.
3. Revise the circuit breaker reclose procedure.
4. Insulate dispatchers from numerous phone calls.
5. Coordinate transmission and distribution, dispatch and engineering to establish a standard pole numbering scheme.
6. Study need for switching capability on existing capacitors and the need for additional capacitors.
7. Increase software and hardware training in the SCADA area.
8. Install automatic generation control hardware.
9. Obtain SCADA spares.
10. Install VAR transducers at the generators.

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FINANCE PERFORMANCE INDICATORS

1. Develop a program and schedule for review, update, approval and release of policy and procedure additions and revisions.
2. Improve documentation of the planning of financial activities to provide a linkage between the goals and objectives and the budget.
3. Develop and implement a program for training of financial employees.
4. Formalize the present activities into a financial relations program.
5. Define and implement a participatory role for the accounting function in the design, implementation and maintenance of the perpetual inventory records.
6. Plan, design and implement a plant accounting system and continuous property record to support the diverse needs of GPA for property record information.
7. Enhance internal control over purchasing by improving segregation of duties for the processing of vendor invoices.
8. Initiate or review negotiations with banks to expedite the transfers of cash collected by "agencies" and institute use of a controlled disbursement account.
9. Prepare cash flow forecasts by month for the operating budget period and for annual periods for the remainder of the planning horizon.
10. Modify the fuel adjustment clause by inserting a "true up" provision.
11. Improve the setting and monitoring of rates by minimizing interclass subsidies, developing cost-based rate designs and implementing a rate monitoring program.
12. Modify the capital budget approval process such that approval of the capital budget (or segments thereof) constitutes authority to proceed.
13. Examine the cost effectiveness and appropriateness of encumbrance control of GPA.

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APPENDIX B

Operation and Maintenance of Navy's Tanguisson Unit No. 1 by GPA

GPA shall use due diligence to operate and maintain Tanguisson Unit No.1 in a safe, efficient and reliable manner and shall follow generally accepted practices of the electric utility industry.

GPA shall maintain an adequate stock of spare parts and supplies to assure compliance with the above paragraph.

GPA shall operate Tanguisson Unit No. 1 at a level of energy output as established from time to time by the IWPS power dispatcher and communicated to GPA's Operating Foreman, Shift Supervisor, or operator in responsible charge, unless in the judgment of GPA's Operating Foreman or Shift Supervisor, compliance with such instructions in the circumstances will jeopardize plant personnel or equipment. In such a situation, GPA shall comply with Navy's instructions to the maximum degree consistent with the safety of such personnel or equipment, and shall advise Navy thereof.

All Power and energy generated by Tanguisson Unit No. 1 shall be delivered to the IWPS, except when Navy operates its Emergency System separate from the IWPS, at such time the power and energy generated by Tanguisson Unit No. 1 shall be delivered to the Navy Emergency System.

GPA shall maintain adequate accounting records for the operation and maintenance of Tanguisson Unit No. 1 in accordance with FERC Uniform System of Accounts.

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As requested by Navy from time to time, GPA shall provide copies of all operating logs, reports, budgets, statistics, information and other records relating to the operating and maintenance of Tanguisson Unit No. 1.

GPA shall have custody of the premises at Tanguisson Point used for electric power generation and related functions. No person shall be granted access to such premises without adequate identification and compliance with security procedures as established from time to time between GPA and Navy. The Commanding Officer, U.S. Navy Public Works Center, Guam, or his designated representatives shall have access to Tanguisson Unit No. 1 at all times.

GPA shall be reimbursed for cost incurred in the operation and maintenance of Tanguisson Unit No. 1 in accordance with Article 6 of the Customer Agreement.

In operating and maintaining Tanguisson Unit No. 1, GPA shall comply with all applicable laws, regulations and codes relating to boiler operating requirements, fire protection, industrial safety, workmen's compensation and environmental controls.

GPA shall be liable for any loss of, or damage to, the premises or facilities incurred as a result of its use and shall make such restoration or repair, or monetary compensation as may be directed by the Navy. GPA shall provide insurance against loss of or damage to Navy's Tanguisson Unit No. 1 of an amount not less than the replacement cost. GPA's liability for loss or damage to the premises resulting from risks expressly required to be insured hereunder shall not exceed the amount of insurance so required. GPA shall not

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be liable for loss of, or damage to, the premises arising from causes beyond the control of GPA. Nothing contained herein, however, shall relieve GPA of liability with respect to any loss or damage to the premises, not fully compensated for by insurance, which results from willful misconduct, lack of good faith, or failure to exercise due diligence, on the part of GPA. All insurance required of GPA on the premises shall be for the protection of the Navy and GPA against their respective risks and liabilities in connection with the premises. In the event that any item or part of the premises or facilities shall require repair, rebuilding or replacement resulting from loss or damage, the risk of which is assumed under this paragraph, GPA shall promptly give notice thereof to the Navy and, to the extent of its liability as provided in this paragraph, shall, upon demand, either compensate the Navy for such loss or damage, or rebuild, replace or repair the item or items of the premises or facilities so lost or damaged, as the Navy may elect. If the cost of such repair, rebuilding or replacement exceeds the liability of GPA for such loss or damage, GPA shall effect such repair, rebuilding or replacement if required so to do by the Navy, and such excess of cost shall be reimbursed to GPA by the Navy. In the event GPA shall have effected any repair, rebuilding or replacement which GPA is required to effect pursuant to this paragraph, the Navy shall direct payment to GPA of so much of the proceeds of any insurance carried by GPA and made available to the Navy on account of loss of or damage to any item or part of the premises or facilities as may be necessary to enable GPA to effect such repair, rebuilding or replacement. In event GPA shall not have been required to effect such repair, rebuilding or replacement, and the insurance proceeds allocable to the loss or damage which has created the need for such repair, rebuilding or replacement have been paid to GPA, GPA shall promptly refund to the Navy the amount of such proceeds.

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GPA shall indemnify and save harmless the Navy, its officers, agents, servants and employees from all liability for death or injury to all persons, or loss or damage to the property of all persons resulting from the use of the premises by GPA.

APPENDIX CTransition Plan for GPA to Assume IWPS ResponsibilityI. Purpose

The purpose of this Appendix is to serve as a commitment by the Navy and GPA to jointly cooperate to effect the orderly transition of the IWPS responsibilities and Navy IWPS assets from Navy to GPA as described in this Agreement.

II. Objective

The Navy and GPA recognize that the plan and its implementation must be flexible to accommodate specific circumstances during the interim period and during the transition period. Accordingly, the objective is a comprehensive transition plan that will be jointly developed and updated by the parties during the entire transition period.

III. Execution

The Navy and GPA recognize that successful development and execution of the transition plan must be accomplished by those organizations involved in the actions. The General Manager of GPA and the Commanding Officer of Navy PWC Guam will be responsible for the transition plan. Nothing in the transition plan will be contrary to this Agreement nor set additional standards necessary for ending the interim period. The transition planning team shall meet not less than annually or more often as required.

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APPENDIX D

Methodology for Turnover of Tools/Equipment from Navy to GPA

In general, special tools, equipment, supplies and transportation equipment will be made available to GPA in accordance with Article 3.10 and Appendix C.

All specialized tools associated specifically with the operation and maintenance of Navy facilities transferred to GPA will be transferred to GPA.

Supplies (parts, inventory and items in transit) associated specifically with the maintenance of Navy facilities transferred to GPA will be transferred to GPA.

Maintenance supplies that are common to Navy facilities to be transferred to GPA and facilities not to be transferred, will be prorated for transfer based on the historical usage for the facilities over the past five (5) years.

The quantity of each type of supply item transferred to GPA will meet or exceed Navy's low limit supply criteria for the item transferred based on the low limit supply criteria in effect one (1) year prior to the transfer date.

Transportation equipment which is dedicated specifically to facilities transferred from Navy to GPA will be transferred to GPA.

Transportation equipment that is used to maintain Navy facilities that are transferred to GPA and also facilities not transferred will be prorated for transfer based on a five (5) year historical usage of the equipment in man hours expended.

Transportation equipment transferred will be the approximate average age for the equipment class code.

APPENDIX EProcedure to Develop GPA Labor RatesGPA "AVERAGE LABOR RATE" CALCULATION:

The most recent hourly rates for all GPA employees (excluding administrative and supervisory personnel) assigned to the following cost centers are averaged:

<u>DEPT</u>	<u>DESCRIPTION</u>
6251	Steam - Cabras
6252	Steam - Tanguisson
6253	Diesel
6255	Diesel
6456	Central Maintenance
7160	T & D Administration
7262	Overhead
7265	Overhead
7266	Overhead (Excluding Tree Trimmers)
7368	Substation/Transformer
7370	Substation/Transformer
7472	Underground
7473	Underground
7575	Meter/Relay
7576	Meter/Relay
7577	Meter/Relay
7578	Meter/Relay
7680	Dispatch Systems
7683	Dispatch Systems
7684	Dispatch Systems
7685	Dispatch Systems

This average hourly rate will then be increased by two percent (2%) to recognize miscellaneous differential and premium pay such as night differential, dirty work, high work, etc.

This calculation will be done at the end of each fiscal year, unless a significant pay adjustment occurs during the year such as a large scale reclassification, a general across-the-board increase or any other unusual pay adjustment. Such unusual occurrence will cause the average hourly rate to be recalculated as soon as the data is available and will stand until the next unusual occurrence or until the fiscal year-end.

The "average" rate is then increased by the acceleration and overhead percentages contained in Article 4.9.4.

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APPENDIX F

Agreement for the Separation of Navy and Guam
Power Authority Distribution Loads

OROTE SUBSTATION

P-13 Temporarily to remain as backup to P-221 in Agat/Santa Rita. GPA will eventually underbuild along Route 2A from the Mobil Station to tie in with P-221. When the Barrigada-Ialororo Transmission Line is completed, the X33-X36 line will be tied to a 13.8 kV breaker at Apra Substation and GPA's customers on P-134 will be transferred to X33-X36. Navy will disconnect from Apra Substation.

COLD STORAGE SUBSTATION

P-134 Cold Storage Sub to Naval Magazine

Navy will use P-134 through Camp Covington and along Route 5 underbuilt on GPA's steel poles to Switch 13-07. The continuation of that line (P-223) will be tied in front of Apra Substation to the other side of the street to Navy's line on their concrete poles (P-222). GPA's P-222 will serve as backup to P-134.

PITI SUBSTATION

- P-1 Upon completion of the new Ammo Wharf, the Cabras Island segment will be transferred to GPA. The segment along Marine Drive will remain Navy's to feed the Asan water pump station. However, the line will be available to GPA for use as backup. GPA will transfer its customers presently on this segment to P-7. The Marine Drive segment will be transferred to GPA if GPA builds a line for Navy to feed the Asan pump station. GPA, at its option, will build the line for Navy on an extended crossarm with the present P-1 or on another crossarm which may necessitate changing the present overbuilt 34.5 kV from vertical to crossarm configuration.
- P-2 Navy will retain P-2 but will continue to serve GPA's present customers. If projected load permits, new GPA customers will also be served by this line with approval from Navy. GPA will transfer the Cabras Marina customers from this line to a new GPA line.
- P-3 Will be transferred to GPA. This will be used to feed the P-1 line.

PITI SUBSTATION (Cont.)

- P-4 Navy will reterminate this line to a breaker on the T-8 Bus.
- P-5 GPA will service what are now its P-137 customers with this breaker. GPA will extend a line from this breaker down Route 1 to Route 6. If feasible, GPA will underbuild the 6 poles of the P-6 circuit on the northside of Route 6 (P-6 will be changed to crossarm construction if necessary) and then continue up the hill along the road to tie in with GPA's existing line in front of ~~XXXXXX~~. Navy will transfer to GPA the line beginning on Pole KC-55 and running underbuilt of P-6 to Pole KC-98. GPA will extend P-7 to pick up civilian customers in the Maina area by underbuilding P-137 where necessary.
- P-6 Navy will retain the breaker and line but will continue to serve GPA's present customers until GPA extends a line to pick up these customers.
- P-7 All of P-7 will be transferred to GPA.
- P-8 Navy will retain the breaker.

34.5 kV breaker X-7, transformer T-7 and the 13.8 kV bus and breakers served by T-7 as well as their associated equipment will be transferred to GPA. The bus tie breaker will be retained and controlled by Navy.

HARMON SUBSTATION

- P-44 34.5 kV breaker X-94, 7 MVA transformer T-44, and the line P-44 will be transferred to GPA subject to GPA's reduction of load on transformer T-21 that would permit securing either T-21 or T-22 for maintenance or loss of one transformer, and agreement on an equitable billing procedure for NCS housing. Upon transfer, GPA will reterminate X-94 to a GPA bus. NCS housing will continue to be served by this line. GPA will transfer to the P-44 line those customers presently served by P-48.
- P-45 Navy will retain the breaker.
- P-46 The line will be transferred to GPA; Navy will retain and control the breaker. When GPA installs a new transformer at Harmon Substation to provide for load growth, the line will be reterminated to the new substation.
- P-47 Navy will retain the breaker.
- P-48 Navy will retain the breaker and line.

HARMON SUBSTATION (Cont.)

P-111 GPA will install new crossarms so that P-111 can be carried on one side of the steel poles and GPA will build a distribution line adequate to serve Navy's customers on similar crossarms on the other side of the poles. Navy will be responsible for terminating the new line and transferring their customers to it. Upon completion of the above rearrangement, the line will be transferred to GPA; Navy will retain and control the breaker. When GPA installs a new transformer at Harmon Substation to provide for load growth, the line will be reterminated to the new substation.

P-112 Navy will retain the breaker and line.

P-113 Navy will retain the breaker and line.

P-46 and P-111 - These loads will continue to be considered GPA loads for loadshedding purposes. Key switches will be maintained on both breakers and control will be turned to GPA's Dispatch Center when Navy's Dispatch Center is unable to control them.

MARBO SUBSTATION

P-51 Navy will retain the breaker and line. GCTV amplifiers will become Navy's customers.

P-52 Navy will retain the breaker and line. However, P-52 will remain the primary feeder for GPA's Latte Heights area customers until two (2) years after GPA completes the new substation currently planned for the Harmon Loop area. Navy reserves the right to have GPA's load transferred off this line temporarily during switching tests at Radio Barrigada Substation and at other times when load becomes excessive.

P-53 Navy will retain the breaker. - Any line sections not previously transferred to GPA will be transferred.

P-54 Navy will retain the breaker and the line section from pole MC-143 in front of Andersen main gate to Potts Junction Sub. This line section will continue to serve GPA customers.

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ANDERSEN SUBSTATION

P-67 Navy will retain the breaker and line. GPA agrees to underbuild this line and transfer its customers to the underbuilt if land adjacent to Marbo Substation can be provided on a temporary basis and equipment offered by Navy and land are suitable. Otherwise, GPA will underbuild and transfer the P-67 load to the new line when a new substation is built in the Yigo area. GPA will transfer Andersen Elementary School to the P-67 underbuilt. Navy will change out those poles that are too short to accommodate an underbuilt line.

AGANA SUBSTATION

P-26 Navy will retain the breaker and line.

P-27 Navy will retain the breaker and line.

P-29 Navy will transfer any portions of the line they still own.

P-30 Navy will retain the breaker and line. GCTV amplifiers will become Navy's customers.

P-31 Navy will transfer any portions of the line it still owns to include the portion along Route 10 and Route 15 (GPA will serve Globe Comm. on a backup basis). Also transferred to GPA is the line (P-253) underbuilt on the concrete poles on the West side of Mongmong-Toto Road from Agana Substation to the pipeline.

ATTACHMENT IProcedures for Developing the Cost to Serve the Navy
and Determining Navy RatesI. Introduction.

This Attachment describes the procedures to be employed to determine the cost of serving the Navy. The starting point for that determination is the total GPA system costs calculated as described herein. Total GPA costs will be functionalized into the categories of production, transmission, distribution, customer accounting and direct assignment, as described in Sections II and III. These costs will then be classified into customer, demand and energy components as described in Section IV and will be allocated to the Navy as specified in Section V. Rates will be developed as specified in Section VI.

References to account numbers are to the FERC Uniform System of Accounts.

II. Functionalization of Rate Base Elements

Rate base elements will be functionalized as production, transmission, distribution, customer accounting or direct assignment, using the procedures specified in this Section. This direct assignment category will consist of costs uniquely incurred to serve either GPA or Navy loads. The rate base shall consist of (i) electric plant in service, plus (ii) intangible plant, plus (iii) completed construction, less (iv) contributions in aid of construction, less (v) accumulated provisions for depreciation, plus (vi) thirteen (13) month average fuel inventory, plus (vii) thirteen (13) month average materials and supplies inventory, plus (viii) thirteen (13) month average prepayments, plus (ix) cash working capital equal to one-eighth (1/8) of operation and maintenance expense, excluding fuel cost, less (x) thirteen (13) month average retirement fund deferred contributions, less (xi) thirteen (13) month average accrued payroll and employee benefits.

A. Plant In Service

Plant in service will be functionalized as herein described.

1. Production plant. Investment recorded in Accounts 310 through 316, 320 through 325, 330 through 336, and 340 through 346 will be functionalized to production.
2. Transmission plant. Investment recorded in Accounts 350 through 359 will be functionalized to transmission or, if applicable, direct assignment.
3. Distribution plant. Investment recorded in Accounts 360 through 373 will be functionalized to distribution or, if applicable, direct assignment.

4. **General plant.** Investments in general plant recorded in Accounts 389 through 398 will be analyzed to determine their specific use. Specific use property will be assigned to the production, transmission, distribution, customer accounting or direct assignment functions, as appropriate. General plant performing a nonspecific or multiple use will be allocated to two or more of the production, transmission, distribution, customer accounting and direct assignment functions, as appropriate, on the basis of the gross plant previously assigned to these functions in Paragraphs A-1 through A-3.
5. **Intangible plant.** Investment recorded in Accounts 301 through 303 will be assigned or allocated to functions using the same procedure described in Paragraph A-4 for general plant.

B. Completed Construction

Completed construction items will be analyzed to determine the functions to which they relate and assigned to these functions. Amounts that are unassignable will be allocated to functions on gross plant in service.

C. Contributions in Aid of Construction

To the extent that plant in service balances have not been reduced to reflect contributions in aid of construction, contributions in aid of construction will be assigned as a reduction to the appropriate plant-in-service accounts and then to the appropriate function(s) as described in Paragraph A.

D. Accumulated Provision For Depreciation

The accumulated provision for depreciation will be assigned to functions corresponding to the assignment of the related gross plant in service. To the extent that the accumulated provision for depreciation is not isolated by plant items or by plant account, allocations will be made between and within functions in proportion to gross plant. The accumulated provision for depreciation will be adjusted for depreciation associated with assets specifically excluded from rate base.

E. Thirteen (13) Month Average Fuel Inventory

The thirteen (13) month average fuel inventory will be assigned to the production function.

F. Thirteen (13) Month Average Materials and Supplies Inventory

The thirteen (13) month average materials and supplies inventory will be analyzed to determine the nature of the various materials and supplies. The inventory will be assigned to functions consistent with the gross plant in service to which the materials and supplies inventory relates. To the extent not specifically assignable, the inventory will be allocated to two or more functions, as appropriate, on the basis of gross plant.

G. Thirteen (13) Month Average Prepayments

Thirteen (13) month average prepayments will be assigned to functions in accordance with the nature of the prepayments. Prepayments not capable of specific assignment to functions will be allocated to two or more functions, as appropriate, on the basis of gross plant.

H. Cash Working Capital

Cash working capital will be allocated to functions (by account) in proportion to the operation and maintenance expense (excluding fuel cost) assigned to functions in Section III-B.

I. Thirteen (13) Month Average Retirement Fund Deferred Contributions

The thirteen (13) month average retirement fund deferred contributions will be allocated to functions (by account) in proportion to the labor component of O&M expenses in Section III-B.

J. Thirteen (13) Month Average Accrued Payroll and Employee Benefits

The thirteen (13) month average accrued payroll and employee benefits will be allocated to functions (by account) in proportion to the labor component of the O&M expenses in Section III-B.

Note:

- (1) Rate base items that are contributed assets shall be valued at zero cost, and the rate base shall be reduced by the full amount of any grants from any unit of the United States government, the government of Guam or any other source. Any grants or other deductions that cannot be traced to specific assets will be allocated to two or more functions, as appropriate, on the basis of previously allocated gross plant investment.
- (2) Direct assignment investments are defined to include only those property items and related rate base elements that are used to supply service exclusively either to Navy loads or to GPA loads.

III. Functionalization of Cost of Service Elements

Cost of service elements will be functionalized as production, transmission, distribution, customer accounting or direct assignment, using the procedures specified herein.

A. Return Requirement

The return requirement (return) will be developed from the target debt service coverage ratio (DSCR) in the manner specified in Articles 19.6 and 19.7 of the Customer Service Agreement. The return requirement will be allocated to functions in proportion to the rate base assigned or allocated to functions in Section II above.

B. Operation and Maintenance Expenses

Operation and maintenance expenses will be assigned to functions as specified herein. In functionalizing O&M expense, the "labor" component and the "other" (remaining) component of each account will be separately functionalized and tracked. Supervision and engineering expenses will be allocated to the related accounts in proportion to the labor component of those accounts prior to accomplishing the functionalizations in III.B.1 through 5. below.*

1. Production O&M expenses. Expenses recorded in Accounts 500 through 507, 510 through 514, 517 through 521, 523 through 532, 535 through 545, 546 through 550, 551 through 554, and 555 through 557 will be assigned to the production function. Cost elements that are recovered through the fuel adjustment clause shall be excluded.
2. Transmission O&M expenses. Expenses recorded in Accounts 560 through 573 will be assigned to the transmission function or, if applicable, to the direct assignment function. To the extent not specifically identifiable, the allocation of transmission expenses between the transmission function and the direct assignment function will be on the basis of gross plant.
3. Distribution O&M expenses. Expenses recorded in Accounts 580 through 598 will be assigned to the distribution function or, if applicable, to the direct assignment function. To the extent not specifically identifiable, the allocation of distribution expenses between the distribution function and the direct assignment function will be on the basis of gross plant.
4. Customer Accounting, Customer Service and Information and Sales O&M expenses. Customer Accounting expenses recorded in Accounts 901 through 905, Customer Service and Information expenses recorded in Accounts 907 through 910 and Sales expenses recorded in Accounts 911 through 916 will be assigned to the customer accounting function.
5. Administrative and General expense. Expenses recorded in Accounts 920 through 931 and 935 will be specifically analyzed to determine whether they relate to the production, transmission, distribution, customer accounting or direct assignment functions. Amounts not specifically associated with one of these functions will be allocated to two or more of these functions, if applicable, in proportion to the labor component of the operation and maintenance expense associated with these other functions.

*For example, expenses recorded in Account 560 (Transmission Operation Supervision and Engineering) will be allocated to the other transmission operation expense accounts (561-567).

C. Depreciation Expense

Depreciation expense will be assigned to the various functions as specified herein.

1. Production plant. Depreciation expense associated with production plant will be assigned to the production function.
2. Transmission plant. Depreciation expense associated with transmission plant will be assigned to the transmission function or, if applicable, to the direct assignment function, in proportion to gross plant.
3. Distribution. Depreciation expense associated with distribution plant will be assigned to the distribution function or, if applicable, to the direct assignment function, in proportion to gross plant.
4. General plant. Depreciation expense associated with general plant will be functionalized in the same manner that the gross investment in general plant is functionalized.

Note: No depreciation expense will be included in the revenue requirement for any contributed asset (including assets transferred or to be transferred to GPA) or for assets resulting from grants from any unit of the United States government, the government of Guam or any other source.

D. Taxes

Labor-related taxes will be allocated to the various functions in proportion to the labor component of the O&M expenses for the various functions. Other taxes will be allocated to the various functions in proportion to gross plant.

E. Other Income and Expense, and Other Cost of Service Elements

Other income and revenue will be a credit to cost of service. Interest income, Allowance for Funds Used During Construction (AFUDC) or equivalent carrying charges on construction expenditures will be allocated to functions in proportion to rate base; wheeling revenue will be assigned to the distribution demand functions; pole rentals will be assigned to the distribution demand functions; and other items will be specifically assigned, consistent with cost of service principles, or allocated in proportion to rate base if they cannot be specifically assigned.

Other expenses will be an addition to cost of service. Capital-related items will be allocated in proportion to rate base; wheeling expense will be assigned to the distribution demand category; and other items will be specifically assigned, consistent with cost of service principles, or allocated in proportion to rate base if they cannot be specifically assigned.

Other cost of service items are those specifically identified by the PUC and included in determining GPA's revenue requirement. These may include additions to cost such as capital improvement projects, contingencies and equity sinking funds and may also include reductions in expenses such as prior years cash and payment on government of Guam notes. This list of other cost of service items is for purposes of illustrations and is not intended to be all inclusive.

F. Total Cost of Service

The total cost of service by function will be the sum of the functionalized costs in Paragraphs A, B, C, D and E of this Section III.

IV. Classification of Costs

The functionalized costs as developed in Section III will be assigned to the customer, demand and energy classifications as specified herein.

A. Operation and Maintenance Expense (including labor-related taxes)

1. Production O&M expense. The following elements of O&M expense from the production function (including labor-related taxes, related administrative and general expenses and allocated supervision and engineering expenses, but excluding cost elements recovered through the fuel adjustment clause) will be assigned to the energy classification: all of Accounts 501, 503, 504, 512, 513, 514, 518, 521, 522, 530, 531, 532, 543, 544, 545 and 547; the non-labor component of Accounts 502, 505, 519, 520, 523 and 538; and the as-billed energy component of Account 555. All other expenses will be assigned to the production-demand classification.
2. Transmission O&M expense. All O&M expense (including labor-related taxes, related administrative and general expenses and allocated supervision and engineering expenses) from the transmission function will be assigned to the transmission-demand classification.
3. Distribution O&M expense. All O&M expense (including labor-related taxes, related administrative and general expenses and allocated supervision and engineering expenses) from the distribution function will be assigned to the distribution-demand classification. If this study is to be used as a basis for determining the rates charged to other GPA customers, further classification into demand and customer components would be appropriate.

4. Customer accounting O&M expense. All O&M expense (including labor-related taxes, related administrative and general expenses and allocated supervision and engineering expenses) from the customer accounting function will be assigned to the customer classification. Uncollectible expenses will be specifically isolated and treated as a subclassification of customer accounting expenses.
5. Direct assignment O&M expense. All O&M expense (including labor-related taxes, related administrative and general expenses and allocated supervision and engineering expenses) from the direct assignment function will be separately isolated for direct assignment either to the Navy or to GPA.

2. Return, Depreciation and Other-Taxes

1. Production. Return, depreciation and other taxes associated with the production function will be assigned to the production-demand classification, except for the return, depreciation and other taxes related to the following items, which will be assigned to the energy classification: Thirteen (13) month average fuel inventory and those portions of cash working capital, thirteen (13) month average Retirement Fund Deferred Contributions and thirteen (13) month average Accrued Payroll and Employee Benefits that are associated with energy-related O&M expense in Paragraph A of this Section.
2. Transmission. Return, depreciation and other taxes associated with the transmission function will be assigned to the transmission-demand classification.
3. Distribution. Return, depreciation and other taxes associated with the distribution function will be assigned to the distribution-demand classification for purposes of this study. If this study is also to be used as a basis for determining the rates charged to other GPA customers, further classification into demand and customer components would be appropriate.
4. Customer accounting. Return, depreciation and other taxes associated with the customer accounting function will be assigned to the customer classification.
5. Direct assignment. Return, depreciation and other taxes associated with direct assignment investment will be assigned to the customer or demand classification, as appropriate.

V. Allocation of Functionalized and Classified Costs to the Navy

Functionalized and classified costs will be allocated to the Navy as specified herein.

- A. Production and transmission demand-related costs will be allocated to the Navy using the twelve (12) coincident peak method, as described in Article 19.3 of the Customer Service Agreement.

- B. Distribution demand-related costs. No portion of these costs will be assigned or allocated to the Navy.
- C. Production energy costs. Production energy costs will be allocated to the Navy using energy consumption adjusted for losses, as described in Article 19.3 of the Customer Service Agreement.
- D. Customer-related costs. Customer accounting costs applicable to the Navy shall be developed from an analysis of the costs associated with meter reading, billing and customer accounting for Navy accounts. In the absence of a special study, a weighted customer allocation shall be utilized, except for those customer-related costs which can be directly assigned. The Navy shall not be assigned or allocated any uncollectible or bad debt expenses associated with any other class.
- E. Navy direct assignment costs. Costs identified as specifically related to the Navy will be assigned to the Navy.

VI. Development of Rate Applicable to the Navy

The rate components applicable to service provided to the Navy will be developed as indicated below and in accordance with Article 19.4.

- A. Customer charge. The customer component of the Navy rate will be determined by dividing the sum of the customer accounting costs from Section V-D and the customer-related Navy direct assignment costs from Section V-E by twelve (12).
- B. Energy charge. The energy rate for the Navy will be determined by dividing the energy-related costs from Section V-C by the Navy energy.
- C. Demand charge. The demand charge will be developed by dividing the sum of the demand-related costs from Section V-A and the demand-related Navy direct assignment costs from Section V-E by the Navy billing demands.

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ATTACHMENT II

Initial Cost of Service Study

It is agreed that the FY89 Cost of Service Study will be included as Attachment II of this Agreement. Upon completion of the FY90 Cost of Service Study, the FY89 study will be removed and replaced with the FY90 study.

Schedule I

Island-Wide Electric System
Summary of Total Costs
Test Year Ending 9/30/1989

	(1)	(2)	(3)	(4)	(5)	
Function	Demand	Energy	Customer	Total	Reference	
<u>Production</u>						
1 Fuel Expense	\$0	\$45,458,861	\$0	\$45,458,861	(GPA updated LR 4)	
2 EPA O&M	\$4,422,865	\$9,342,813	\$0	\$13,765,678	Sch 10	
3 Navy O&M	\$0	\$1,078,974	\$0	\$1,078,974	Sch 9	
4 Depreciation Expense	\$1,730,441	\$0	\$0	\$1,730,441	Sch 10a	
5 Other Expense (Income)	(\$536,103)	\$5,476	\$0	(\$530,627)	Sch 13	
6 Debt Service Coverage	\$7,181,598	(\$73,352)	\$0	\$7,108,246	Sch 12	
7 Total	\$15,994,235	\$59,617,338	\$0	\$75,611,572		
<u>Transmission</u>						
8 GPA O&M	\$2,618,818	\$0	\$0	\$2,618,818	Sch 10	
9 Navy O&M	\$857,592	\$0	\$0	\$857,592	Sch 9	
10 Depreciation	\$680,502	\$0	\$0	\$680,502	Sch 10a	
11 Other Expense (Income)	(\$154,385)	\$0	\$0	(\$154,385)	Sch 13	
12 Debt Service Coverage	\$2,068,132	\$0	\$0	\$2,068,132	Sch 12	
13 Total	\$6,070,658	\$0	\$0	\$6,070,658		
<u>Distribution</u>						
14 GPA O&M	\$8,414,469	\$0	\$0	\$8,414,469	Sch 10	
15 Navy O&M	\$25,517	\$0	\$0	\$25,517	Sch 9	
16 Depreciation	\$1,433,314	\$0	\$0	\$1,433,314	Sch 10a	
17 Other Expense (Income)	(\$354,804)	\$0	\$0	(\$354,804)	Sch 13	
18 Debt Service Coverage	\$6,364,578	\$0	\$0	\$6,364,578	Sch 12	
19 Total	\$15,883,074	\$0	\$0	\$15,883,074		
<u>Customer Accounting</u>						
20 GPA O&M	\$0	\$0	\$2,090,866	\$2,090,866	Sch 10	
21 Navy O&M	\$0	\$0	\$0	\$0		
22 Depreciation	\$0	\$0	\$686	\$686	Sch 10a	
23 Other Expense (Income)	\$0	\$0	\$126	\$126	Sch 13	
24 Debt Service Coverage	\$0	\$0	(\$1,681)	(\$1,681)	Sch 12	
25 Total	\$0	\$0	\$2,089,996	\$2,089,996		
26 GRAND TOTAL	\$37,947,967	\$59,617,338	\$2,089,996	\$99,655,301		

Schedule 2

Island-Wide Electric System
 Cost Allocation Factors
 Test Year Ending 9/30/1989

	(1)	(2)	(3)	(4)
		12 CP Demand	Energy Consumption (KWH)	No. of Customers
1	Navy	84,492	435,402,814	476
2	GPA	100,181	717,165,913	27,801
3	Total	165,673	1,152,568,727	30,277

(L 1, Columns 2 & 3 from Navy Data Response)

(L 2, Columns 2 & 3 from updated GPA DR 1)

(Col 4 from GPA updated DR 7)

	Demand C.D.S. Allocators	Energy C.D.S. Allocators	Customer C.D.S. Allocators
Navy			
4 Production	38.93%	37.78%	0.00%
5 Transmission	38.93%	37.78%	0.00%
6 Distribution	0.00%	0.00%	1.57%
7 Customer Acct.	0.00%	0.00%	1.57%
GPA			
8 Production	61.07%	62.22%	0.00%
9 Transmission	61.07%	62.22%	0.00%
10 Distribution	100.00%	0.00%	98.43%
11 Customer Acct.	0.00%	0.00%	98.43%

Schedule J

Island-Wide Electric System
 Allocated Cost of Service
 Test Year Ending 9/30/1989

(1)	(2) Demand Cost of Service	(3) Energy Cost of Service	(4) Customer Cost of Service	Total Cost of Service	
Navy					
1	Production	\$0,000,000	\$00,000,000	\$0	\$00,747,608
2	Transmission	\$2,363,142	\$0	\$0	\$2,363,142
3	Distribution	\$0	\$0	\$0	\$0
4	Customer Acct.	\$0	\$0	\$30,446	\$30,446
5	Total	\$8,589,264	\$22,521,483	\$30,446	\$31,141,193
GPA					
6	Production	\$9,768,113	\$37,095,855	\$0	\$46,863,968
7	Transmission	\$3,707,516	\$0	\$0	\$3,707,516
8	Distribution	\$15,883,074	\$0	\$0	\$15,883,074
9	Customer Acct.	\$0	\$0	\$2,059,550	\$2,059,550
10	Total	\$29,358,703	\$37,095,855	\$2,059,550	\$68,514,108
11	Total	\$37,947,967	\$59,617,338	\$32,089,996	\$99,655,301
		*****	*****	*****	*****

Schedule 4

Island-Wide Electric System
34.5 kv Cost Comparison
Test Year Ending 9/30/1989

(1)	(2)	(3)
Navy Cost at 34.5 kv level		
1 Demand Rate (\$/kw/Mo.)	\$11.0986	Total CP Demand: 64,492 kw/ea
2 Energy Rate (\$/kwh)	\$0.0517	Total usage: 433,402,814 kwh
3 Average Cost per kwh	\$0.0705	
GPA Cost at 34.5 kv level		
4 Demand Rate (\$/kw/Mo.)	\$11.0986	Total CP Demand: 101,181 kw/ea
5 Energy Rate (\$/kwh)	\$0.0517	Total usage: 717,165,913 kwh
6 Average Cost per Kwh	\$0.0705	

Notes:

(L 3 is total Navy cost at transmission level divided by total Navy kwh)

(L 6 is GPA production & transmission cost divided by total GPA kwh)

Schedule S

Navy-Transferred Assets
 Related Non-Fuel O & N Expense
 Test Year Ending 9/30/1989

(1) Function	(2) Total D.O. Hours	(3) Percent	(4) Total Overhead Hours	(5) Total Hours	(6) Total Labor Expense (\$22.10/hr)	(7) Total Non-Labor Expense	(8) Total Expenses
1 Production	198,771	88.00%	17,300	216,071	\$4,774,674	\$3,302,300	\$8,076,974
2 Transmission	24,106	10.76%	2,700	26,806	\$591,712	\$250,000	\$841,712
3 Distribution	808	0.36%	71	879	\$19,417	\$6,100	\$25,517
4 Grand Total	223,685	100.00%	19,545	243,230	\$5,375,383	\$3,586,700	\$8,962,083

Notes:

- (Col 2 & Col 7 from Navy Data Response)
- (Col 4, O.H. hours allocated on Col 3 percents)
- (Col 6, Total hours restated at \$22.10 / hour)

Schedule 6

Navy-Transferred Assets
 Classification of Non-Labor O & M Expense
 Test Year Ending 9/30/1989

(1) Function	(2) Demand	(3) Energy	(4) Customer	(5) Total
1 Production	\$500,500	\$2,718,800	\$0	\$3,202,300
2 Transmission	\$278,300	\$0	\$0	\$278,300
3 Distribution	\$6,100	\$0	\$0	\$6,100
4 Grand Total	\$867,900	\$2,718,800	\$0	\$3,586,700

(A) Account	(B) PITI	(C) Tanquisson	(D) Marbo	(E) Total Energy
5 a/c 502	\$537,500	\$91,600	\$0	\$629,100
6 a/c 505	\$92,400	\$0	\$0	\$92,400
7 a/c 512	\$1,042,400	\$6,900	\$0	\$1,049,300
8 a/c 513	\$669,900	\$0	\$0	\$669,900
9 a/c 514	\$263,000	\$7,100	\$8,000	\$278,100
10 Total	\$2,605,200	\$105,600	\$8,000	\$2,718,800

Notes:

(Col J, L 1 from Col E, L 10)

(Lines 5 through 9 per Cost of Service methodology attachment)

Schedule 7

Navy-Transferred Assets
 Classification of Navy Labor Hours
 Test Year Ending 9/30/1989

(1) Function	(2) Demand (hrs)	(3) Energy (hrs)	(4) Customer (hrs)	(5) Total (hrs)
1 Production	118,187	97,952	0	216,139
2 Transmission	26,212	0	0	26,212
3 Distribution	879	0	0	879
4 Grand Total	145,278	97,952	0	243,230

(A) Account	(B) PITI	(C) Tanguisson	(D) Marbo	(E) Total Energy
5 a/c 502	0	0	0	0
6 a/c 505	0	0	0	0
7 a/c 512	43,096	1,388	0	44,474
8 a/c 513	31,027	0	0	31,027
9 a/c 514	12,622	1,278	680	14,580
10 Total	86,735	2,666	680	90,081
11 Overhead Hours				7,871
12 Total Hours				97,952

Notes:

(Col 3, L 1 from Col E, L 12)

(Line 11 = Col E, L10 / Sch 5, Col 2, L 1 + Sch 5, Col 4, L 1)

Schedule 8

Navy-Transferred Assets
 Classification of Navy Labor Expense
 Test Year Ending 9/30/1989

(1) Function	(2) Demand (\$)	(3) Energy (\$)	(4) Customer (\$)	(5) Total (\$)
1 Production	\$2,611,934	\$2,164,740	\$0	\$4,776,674
2 Transmission	\$579,292	\$0	\$0	\$579,292
3 Distribution	\$19,417	\$0	\$0	\$19,417
4 Grand Total	\$3,210,643	\$2,164,740	\$0	\$5,375,383

Notes:

(Sch 8 restates Sch 7 hours in \$ totals at \$22.10 per hour)

Schedule 9

Navy-Transferred Assets
 Classification of Total O & M Expense
 Test Year Ending 9/30/1989

(1) Function	(2) Demand (%)	(3) Energy (%)	(4) Customer (%)	(5) Total (%)
1 Production	\$3,195,434	\$4,883,540	\$0	\$8,078,974
2 Transmission	\$857,592	\$0	\$0	\$857,592
3 Distribution	\$25,517	\$0	\$0	\$25,517
4 Grand Total	\$4,078,543	\$4,883,540	\$0	\$8,962,083

Notes:

(Sch 9 is the sum of Sch 8 and Sch 6)

Schedule 10

Gas Power Authority
 Classification of GPA O&M Expense
 Test Year Ending 9/30/1989

(1) Function	(2) Total GPA O&M Expense	(3) Demand	(4) Energy	(5) Customer Accounting	(6) Total
1 Production	\$13,765,677	\$4,422,865	\$9,342,813	\$0	\$13,765,677
2 Transmission	\$2,618,818	\$2,618,818	\$0	\$0	\$2,618,818
3 Distribution	\$8,414,469	\$8,414,469	\$0	\$0	\$8,414,469
4 Customer Acct	\$2,090,866	\$0	\$0	\$2,090,866	\$2,090,866
5 TOTAL	\$26,889,830	\$15,456,151	\$9,342,813	\$2,090,866	\$26,889,830

Account	Production (Energy)
6 a/c 501	\$672,526
7 a/c 502	\$411,764
8 a/c 505	\$350,412
9 a/c 512	\$4,056,333
10 a/c 513	\$1,250,008
11 a/c 514	\$757,773
12	\$7,498,816 (GPA DR 4)
13 a/c 500	\$237,106 (GPA DR 4)
14 A & B	\$2,772,121 (Sch 10b, col 3)
15 Total	\$3,009,227
16 Direct Labor	\$4,095,828 (a/c 501,512,513,514)
17 Tot Direct Lab	\$6,684,002 (Total Production labor)
18 Overhead S	\$1.283 (L16/L17)
19 Prod Energy	\$9,342,813 (L12 + L15+L18)

Notes:
 (Col 4, L 1 from L 19)

Schedule 10-A

Guam Power Authority
 Schedule of Depreciation Expense
 Test Year Ending 9/30/1989

(1) Function	(2) Total Depreciation	(3) Adjustment For Grants	(4) Adjusted Depreciation	(5) Allocation Percent	(6) Gen & Intan Depreciation	(7) Total Depreciation
1 Production	\$1,802,491	(\$109,240)	\$1,693,251	45.21%	\$387,377	\$1,700,628
2 Transmission	\$800,395	(\$204,481)	\$595,914	17.61%	\$84,002	\$680,916
3 Distribution	\$1,330,930	(\$75,515)	\$1,255,415	37.03%	\$177,899	\$1,433,314
4 Customer Accou	\$0	\$0	\$0	0.14%	\$686	\$686
5 Gen & Intangib	\$480,371	\$0	\$480,371			
6 TOTAL	<u>\$4,264,187</u>	<u>(\$419,244)</u>	<u>\$3,844,943</u>		<u>\$480,371</u>	<u>\$3,844,943</u>

	Production	Transmission	Distribution	Customer Accounting	Total
7 Gross Plant	<u>\$57,493,966</u>	<u>\$22,390,955</u>	<u>\$47,091,241</u>	<u>\$181,616</u>	<u>\$127,157,778</u>
8 Percent	45.21%	17.61%	37.03%	0.14%	100.00%

Notes:
 (Col 2 from GPA DR 4)
 (Col 3 from GPA DR 12)
 (Col 5 from Line 8)
 (Col 6 total allocated on Line 8 percents)
 (Line 7 amounts from Sch 11A, Col 4)

Schedule 10-B

Gas Power Authority
 Functionalization of GPA O&M Expense
 Test Year Ending 9/30/1989

(1) Function	(2) Non-Fuel O & M Expense	(3) G & A Expense	(4) Total Non-Fuel Expense	(5) Direct Labor Allocator
1 Production	\$10,990,000	\$2,772,101	\$13,762,101	\$4,681,002 31.48%
2 Transmission	\$2,091,081	\$527,737	\$2,618,818	\$1,272,453 9.80%
3 Distribution	\$6,718,810	\$1,695,659	\$8,414,469	\$4,088,488 31.49%
4 Customer Accou	\$1,701,779	\$389,087	\$2,090,866	\$938,148 7.23%
5 TOTAL	\$21,505,226	\$5,384,604	\$26,889,830	\$12,923,091 100.00%

Notes:

(Col 2 from GPA DR 4)

(Col 3 Allocated on Direct Labor basis—Col 5)

(Col 5 from GPA DR 5)

Schedule 11

**Gas Power Authority
Classification of Rate Base Components
Test Year Ending 9/30/1989**

(1) Function	(2) Rate Base	(3) Removal of Grant Assots	(4) Total Rate Base	(5) Demand	(6) Energy	(7) Reserve Accounting
1 Production	\$31,408,608	\$707,001	\$30,701,607	\$16,219,155	76.00%	0.00%
2 Percent				46.22%	-0.47%	0.00%
3 Transmission	\$16,910,911	\$5,674,453	\$11,236,458	\$11,236,458	\$0	\$0
4 Percent				13.31%	0.00%	0.00%
5 Distribution	\$36,675,243	\$2,095,576	\$34,579,667	\$34,579,667	\$0	\$0
6 Percent				40.96%	0.00%	0.00%
7 Customer Acct Percent	(\$9,135)	\$0	(\$9,135)	\$0	\$0	(\$9,135) -0.01%
TOTAL	\$92,985,073	\$8,557,960	\$84,427,113			

Account	Production (Energy)
8 Ave. Fuel Invn	\$536,366 (From GPA DR 3)
9 Cash Working Cap	1,054,418 (Sch 10, L 18+ Sch 11-A, Col 9, L 1)
10 Retirement Fund	(1,859,860) (Sch 10, L 18+ Sch 11-A, Col 10, L 1)
11 Accrued Payroll	(129,455) (Sch 10, L 18+ Sch 11-A, Col 11, L 1)
12 Total	(\$398,531)

Notes:

- (Col 2 from Sch 11-A, Col 14)
- (Col 3 from GPA DR 12)
- (Col 4, L 1 from L 12)

Schedule 11-A

Guam Power Authority
Rate Base Components
Test Year Ending 9/30/1989

(1) Function	(2) Plant In Service	(3) Net Class & Contributed	(4) Subtotal	(5) Accumulated Depreciation	(6) Fuel Inventory	(7) Materials & Supplies Inva	(8) Prepayments	(9) Cash Working Capital	(10) Deferred Retire. Fund	(11) Accred Payroll	(12) Sub-Total	(13) General Plant Allocation	(14) Total Rate Base
Production	655,333,402	92,160,344	657,493,946	(621,901,135)	6536,366	63,465,109	9217,976	91,720,710	(63,035,114)	(621,259)	938,286,618	91,121,436	939,408,054
Percent	43.3%		43.3%	51.1%	100.0%	62.8%	100.0%		51.4%	31.4%	41.1%	45.2%	
Transmission	921,549,526	894,429	922,390,955	(86,486,876)	0	9860,760	0	8327,352	(6577,804)	(930,218)	916,476,169	8436,742	916,910,911
Percent	16.9%		16.9%	15.1%	0.0%	15.6%	0.0%	9.0%	9.8%	9.8%	17.7%	17.6%	
Distribution	945,321,601	91,769,640	947,091,241	(611,592,406)	0	91,191,821	0	91,051,809	(61,856,527)	(6129,273)	935,756,715	9918,528	936,675,243
Percent	35.3%		35.3%	27.6%	0.0%	21.6%	0.0%		31.4%	31.4%	38.4%	37.0%	
Customer Acct	6174,791	66,825	6181,616	0	0	0	0	8261,358	(6426,000)	(79,653)	(612,678)	63,542	(619,135)
Percent	0.1%		0.1%	0.0%	0.0%	0.0%	0.0%		7.2%	7.2%	-0.6%	0.1%	
General Plant	65,137,477	6200,599	65,338,076	(62,857,828)	0	0	0	0	0	0	92,480,248	0	92,480,248
Percent	6.0%		6.0%	6.6%	0.0%	0.0%	0.0%		0.0%	0.0%	2.6%		
TOTAL	6127,516,797	64,979,057	6132,495,854	(642,838,245)	6536,366	65,517,680	9217,976	93,361,229	(65,895,445)	(610,353)	992,985,073	92,480,248	992,985,073
Percents	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	
Totals	6127,516,797	64,979,057	6132,495,854	(642,838,245)	6536,366	65,517,680	9217,976	93,361,229	(65,895,445)	(610,353)	992,985,073	92,480,248	992,985,073

Notes:
 (Col 2 and Col 3 from GPA DR 3 ; Col 3 allocated on Col 2 &)
 (Col 5 total allocated on 1 contained in updated GPA DR 3)
 (Col 6 total allocated on 1 contained in updated GPA DR 3)
 (Col 7 total allocated on 1 contained in updated GPA DR 3)
 (Col 9 amounts: Sch 10, Col 2 / 4)
 (Col 10 & 11 totals allocated on 1 from Sch 10-B, Col 5)
 (Col 13 total allocated on 1 of Col 2 gross plant excluding general plant)

Gas Power Authority
Allocation of Debt Service Coverage
Test Year Ending 9/30/1989

(1) Function	(2) Total Debt Service Coverage	(3) Demand	(4) Energy	(5) Customer Accounting	(6) Total Percent
1 Production	\$7,108,246	\$7,181,598	(\$73,352)	0	
2 Percent		11.00%	-0.47%	0.00%	45.74%
3 Transmission	\$2,068,132	\$2,068,132	0	0	
4 Percent		13.31%	0.00%	0.00%	13.31%
5 Distribution	\$6,364,578	\$6,364,578	0	0	
6 Percent		40.96%	0.00%	0.00%	40.96%
7 Customer Acct	(\$1,681)	0	0	(\$1,681)	
8 Percent		0.00%	0.00%	-0.01%	-0.01%
9 TOTAL	\$15,539,275 =====				100.00%

10 Principal Payments					
11 Total		\$2,324,000	(From GPA DR 9)		
12 Interest Payment		\$3,891,710	(From GPA DR 9)		
13 Debt Service		\$6,215,710			
14 Coverage Ratio		2.50	(Requested GPA coverage ratio)		
15 DSC Requirement		\$15,539,275			

(Columns 3, 4 & 5 allocations based on Rate Base 3 : Sch 11)

Schedule 13

Gran Power Authority
 Allocation of Other Expense (Income)
 Test Year Ending 9/30/1989

(1)	(2)	(3)	(4)	(5)	(6)
Function	Total	Demand	Energy	Distribution Accounting	Total
1 Prod: Interest Income	(\$530,627)	(\$536,103)	\$5,476	\$0	(\$530,627)
2 Contingency	\$0	\$0	\$0	\$0	\$0
3 Total	(\$530,627)	(\$536,103)	\$5,476	\$0	(\$530,627)
4 Trans: Interest Income	(\$154,385)	(\$154,385)	\$0	\$0	(\$154,385)
5 Contingency	\$0	\$0	\$0	\$0	\$0
6 Total	(\$154,385)	(\$154,385)	\$0	\$0	(\$154,385)
7 Dist: Contingency	\$0	\$0	\$0	\$0	\$0
8 Interest Income	(\$475,113)	(\$475,113)	\$0	\$0	(\$475,113)
9 Other Income	(\$169,856)	(\$169,856)	\$0	\$0	(\$169,856)
10 Wheeling Exp	\$290,165	\$290,165	\$0	\$0	\$290,165
11 Total	(\$354,804)	(\$354,804)	\$0	\$0	(\$354,804)
12 Cust Acct: Interest Inc	\$0	\$0	\$0	\$126	\$126
13 Contingency	\$0	\$0	\$0	\$0	\$0
14 Total	\$0	\$0	\$0	\$126	\$126
15 Interest Income	(\$1,160,000)				
16 Contingency	\$0				
17 Other Income	(\$169,856)				
18 Wheeling	\$290,165				
19 TOTAL	(\$1,039,691)	(\$2,070,524)	\$10,951	\$126	(\$1,039,691)

Notes:

- (L 15 from EPA DR B ; allocated on Rate Base 1 : Sch 11)
- (L 17 from EPA DR B ; assigned to Distribution)
- (L 18 from Navy Data Response ; assigned to EPA Distribution)

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ATTACHMENT III

Fuel Clause Applicable to Navy Agreement

Navy's bill shall be subject to a charge for fuel cost. The charge will be determined by multiplying a Unit Fuel Cost times the total kilowatt hours for which the bill is rendered.

The Unit Fuel Cost will be calculated by the following formula for the current month:

$$\text{Unit Fuel Cost} = \frac{A \times B}{C} + R$$

Where: A = Actual barrels of fuel consumed in IWPS

C = Actual IWPS kwh production (loss adjusted to delivery at the 34.5 kv level)

B = Actual cost in dollars per barrel of fuel

R = Refunds or credits from suppliers

The Unit Fuel Cost will be recalculated monthly.

Fuel clause billing will be adjusted on a monthly basis to reflect the difference between the actual fuel cost and the weekly payments by Navy.

Refunds and/or credits from fuel supplier shall be flowed through to Navy, and other adjustments will be made, as appropriate, to insure that Navy pays only its proportionate share of GPA's actual fuel cost.

Navy will be provided monthly a copy of the computation and support for the Unit Fuel Cost.

(Mechanics of this formula will be tested during the development of the initial cost of service to insure the formula will recover actual fuel cost.)

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ATTACHMENT IV

Navy Initial Rates for Electric Service

(To be developed)

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ATTACHMENT V

IWPS Automatic Load Shedding Schedule

Automatic Load Shedding by Underfrequency Relays*

APPROX. PEAK LOAD (MW)

	<u>FEEDER</u>	<u>STATION</u>	<u>POWER FACTOR</u>	<u>H.M.P.S.</u>	<u>MW</u>	<u>MVA</u>
59.4 Hz	P-30	Agana	.960		2.4	2.7
	P-88	Dededo	.982		0.0	5.0
	P-51	Marbo	.883	5	0.1	.1
	P-15	Orote	.938	180		4.0
	P-253	Agana	.963	130		3.0
	P-221	Apra Hts	.707	120		2.0
	P-91	Andersen	.933	120		2.7
	P-93	Andersen	.933	158		<u>3.5</u>
					SUB-TOTAL MW:	23.5
58.8 Hz	F3-F4	Finegayan	.861	205		1.3
	P-260	Talofofa	.976	150		3.5
	P-44	Harmon	.978		2.9	2.8
	P-111	Harmon	.975		4.3	<u>4.2</u>
					SUB-TOTAL MW:	11.8
58.3 Hz	P-134	Cold Storage	.895	130		2.8
	P-202	Tamuning	.970		5.6	5.4
	P-251	Agana	.963	234		5.4
	P-210	Barrigada	.972	335		7.8
	P-212	Barrigada	.972	77		<u>1.8</u>
					SUB-TOTAL MW:	23.2
					TOTAL MW:	58.5

*Time Delay for the above relays is 6 Hz.

	<u>FEEDER</u>	<u>STATION</u>	<u>TIME DELAY</u>	<u>MW</u>
59.0 Hz	P-140	Radio Barr.	4.8 sec	2.6
	P-142	Radio Barr.	4.8 sec	1.0
	P-149	Radio Barr.	4.8 sec	<u>0.4</u>
				TOTAL MW: 4.0

ATTACHMENT VIIWPS Manual Load Shedding Schedule

	<u>CIRCUIT</u>	<u>AREA AFFECTED</u>
<u>LEVEL ONE</u>		
Class A	P-212	Barrigada Village
	F-5	NSD Waterfront NAVSTA Club Reefers
	P-15	NAVSTA 800's Reefers (Circle Point)
	P-30	NAS 800 Reefers
Class B	P-201	Tamuning (North to McDonalds)
	P-261	Talofof to Umatac
<u>LEVEL TWO</u>		
Class A	P-123	SRF Bldg. 20, 21 and Waterfront
	P-88	Dededo Village
Class B	P-20 & P-122	SRF Docking Area
	P-1	Commercial Port and Piti Sewer
	P-202	Tamuning (South to Route 8)
	P-242	Northern half of Tumon Bay
<u>LEVEL THREE</u>		
Class A	P-7	Marine Dr. from Piti to Anigua
	P-221	Santa Rita/Agat
	P-243	Upper Tumon and Harmon Field
	P-240	GIAT and Sewer Pump
	F-9	NAVSTA Galley
	F-3	NAS Galley
	P-253	MongMong, Toto, Maite

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LEVEL THREE

Class B

CIRCUIT

AREA AFFECTED

F-3 & F-9	NRMC Hospital Dispensary, NAVSTA
F-2	NAVCAMS Naval Hospital Dispensary NAVCAMS Galley NAVSEACT NAVCAMS Club Reefers
P-16	NAVSTA Commissary Reefers NAVSTA Commissary Navy Exchange Laundry
P-137	Sea Pumping Station NAVMAG Mine Battery Bldg. 775 and 833 NAVMAG Galley NAVMAG Club Reefers
P-137	Naval Hospital Water Pumping Station Communications Nimitz Hill Top 'O The Mar Reefers NAVSTA BOQ's Reefers (Nimitz Hill)
P-251	Agana to Pedro's Plaza
P-252	Agana to Paseo
P-111	Marine Drive from Pizza Hut to St. Johns
P-220	Cross Island Road
P-89	Marine Drive fr. Dededo Sub to Potts Jct

LEVEL FOUR

Class A

P-27	NAV Tactical Support Center NAS VQ-3 Hangar Building 17-3308 NAS NRMC Dispensary NAS VQ-1 Hangar Building 17-100 NAS VP Hangar Building 17-3404 NAS Fleet Air Photo Lab Building 17-3007 Barrigada Pumping Station NAS Fuel Farm NAS Cold Storage (X-Ray Compound)
P-130	NSD Computer Building 3190
P-135	USCG Joint Rescue Coordination Center Guam Oil and Refining Co.
P-241 & P-203	Guam Memorial Hospital and Old GPH

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LEVEL FOUR

CIRCUIT

AREA AFFECTED

Class B

P-51
P-87
P-48
P-210
P-52
P-250

Air Force Wells
Dededo Water Wells
NAVCAMS (NCS) Area Wells
Central Water Wells & Public Health
Marbo Water Wells
Central Water Wells

Class C

P-51, P-87

Pelee Point
NSD Fuel Farm

ATTACHMENT VIIIWPS Load Restoration Schedule

	<u>CIRCUIT</u>	<u>AREA AFFECTED</u>
<u>PRIORITY ONE</u>		
Class A	P-5 & P-2	Polaris Point/NSO Fuel Farm
Class B	P-51 P-87 P-48 P-210	All Force Wells Dededo Water Wells NAVCAMS (NCS) Area Wells Central Water Wells & Public Health
	P-52 P-250	Marbo Water Wells Central Water Wells
Class C	P-27	NAS Tactical Support Center NAS AIMO Hangar Bldg 17-3308 NAS Naval Hospital Dispensary NAS VQ-1 Hangar Bldg 17-100 NAS VP Hangar Bldg 17-3404 NAS Fleet Imaging Center Bldg 17-3307 Barrigada Pumping Station NAS Fuel Farm NAS Cold Storage (X-Ray Compound)
	P-130	NSO Computer Bldg 3190
	P-135	USCG Joint Rescue Coordination Center
	P-241 & P-203	New GMH and old GMH
<u>PRIORITY TWO</u>		
Class A	F-3 & F-9	Naval Hospital Dispensary, NAVSTA
	F-2	NAVCAMS Naval Hospital Dispensary NAVCAMS Galley NAVSEACT NAVCAMS Club Reefers
	P-16	NAVSTA Commissary Reefers NAVSTA Commissary Navy Exchange Laundry
	P-222	Fena Pumping Station NAVMAG Mine Battery Bldg. 775 and 839 NAVMAG Galley NAVMAG Club Reefers

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CIRCUIT

AREA AFFECTED

PRIORITY TWO

	P-137	Naval Hospital Water Pumping Station Communications Nimitz Hill
	P-137	Top O' the Mar Reefers NAVSTA BOQ's Reefers (Nimitz Hill)
	P-251	GOVGUAM Administration
	P-252	GPA and GOVGUAM Administration
	P-111	Tumon Wells and Booster Station
	P-220	Southern Booster Pumps
	P-89	Water Wells
Class B	P-7	Asan Water Pumping Station Pedro's Cold Storage
	P-221	Agat Sewage Pump Station
	P-243	GPA Operations, DPW, GTA, & PUAG Hdqtrs.
	P-240	GIAT and Sewer Pump
	F-9	NAVSTA Galley
	F-3	NAS Galley
	P-253	Sewer Lift

PRIORITY THREE

Class A	P-20 & P-122	SRF Docking Area
	P-1	Commercial Port and Piti Sewer
	P-202	Tamuning Sewer
	P-242	Tumon Sewer & Lift Station, Hotel Row
Class B	P-123	SRF Bldg 20, 21, and Waterfront
	P-88	Water Wells and Telephone Exchange

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CIRCUIT

AREA AFFECTED

PRIORITY FOUR

Class A

P-201

Sewer Lift

P-261

Water Wells & Sewer Stations

Class B

P-212

Schools

F-5

NSD Waterfront

P-15

NASDA BOQ S REEFERS (UPOTE PL)

P-30

NAS BOQ Reefers

PART II - TARIFF CUSTOMER

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CUMM POWER AUTHORITY

SERVICE RULES

RATE SCHEDULES

16 OCTOBER 1979

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GUAM POWER AUTHORITY

SERVICE RULES

RATE SCHEDULES

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PRELIMINARY STATEMENT

The Guam Power Authority supplies electric service for the entire island, except for those areas situated within United States Government defense installations. A detailed description of electric service available from the Authority is given in Rule No. 2.

Any person can obtain electric service from the Guam Power Authority by making application in accordance with Rule No. 3 or, if required, by executing a contract. Each applicant will also be required to make a deposit. Where an extension of the Authority's line is necessary, or a substantial investment is required to supply service, applicant will be informed as to the conditions under which service will be supplied. Applicants for service must conform to and comply with the Authority's rules relating to the Authority providing electric service.

Schedule 1 contains the rules applicable to service provided by the Authority. Schedules 44 through 67 are the rate schedules available and applicable to different categories of customers including charges for services rendered.

SCHEDULE 1
GENERAL RULES

1. DEFINITIONS

In the rates and regulations for the electric service supplied by the Guam Power Authority, the terms and expressions listed below shall have the meanings set forth opposite them:

Application: A written request to the Authority for electric service.

Authority: Guam Power Authority

Billing Period: The time interval between two consecutive meter readings that are taken for billing purposes.

Business Day: Monday through Friday, excluding legal holidays. All other references to days will be calendar days.

Customer: Any person (partnership, firm, corporation, municipality, cooperative, governmental agency, etc.) who has made application for service and is responsible for payment of the bills resulting from consumption of electric energy at the location identified in the application.

Date of Presentation: The date upon which a bill or notice is mailed, or delivered by the Authority, to the customer (not the date the bill is received by the customer) or the date the current charges are billed.

Demand: The rate of delivery of electric energy, measured in kilowatts (kW) occurring instantaneously or registered over a fixed time period.

Electric Service: The availability of electric energy at the point of delivery for use by the customer, even if no electric energy is used.

Energy: Electric energy measured in kilowatt-hours (kWh)

Line Extension: All facilities, excluding transformer, service connection and meter required to extend electric service from the Authority's existing permanent facilities to the point of delivery to the customer.

Mailed: Any notice or other communication will be considered "mailed" when it is properly addressed and deposited in any United States Post Office box, postage paid.

1. DEFINITIONS (Continued)

Mobile Building: A prefabricated structure, designed for ease of movement from one location to another which does not require structural modification preparatory to such move.

Multifamily Accommodation: An apartment building, duplex, court group, or any other group of residential units located upon a single premises, providing the residential units therein meet the requirements for a single-family accommodation. Hotels, guest or resort ranches, tourist camps, motels, auto courts, and trailer courts, consisting primarily of guest rooms and/or transient accommodations, are not classed as multifamily accommodations.

Past Due Bill: Bills are past due if not paid within 10 days after presentation or date billed.

Point of Delivery: The point where conductors of the Authority are connected to the conductors of the customer, regardless of the location of the Authority's meters or transformers.

Premises: All of the real property and apparatus employed in a single enterprise on an integral parcel of land undivided, excepting in the case of industrial, agricultural, oil fields, resort enterprises, and public or quasi-public institutions, by a dedicated street, highway, or other public thoroughfare, or a railway. Automobile parking lots constituting a part of and adjacent to a single enterprise may be separated by an alley from the remainder of the premises served.

Service Wires or Connection: The group of conductors, whether overhead or underground, necessary to connect the service entrance conductors of the customer to the Authority's supply line, regardless of the location of the Authority's meters or transformers. An overhead service connection, sometimes referred to as a "service drop", is the group of conductors between the customer's building or other permanent support and the Authority adjacent pole.

Single-family Dwelling or Accommodation: A house, an apartment, a flat, or any other residential unit which contains cooking facilities (not necessarily electric) and which is used as a residence by a single family.

Street Lighting Service: Public lighting service supplied by means of a lighting apparatus owned by the Authority and used primarily for the illumination of streets, alleys, highways, grounds parks or other public ways, or services consisting of the supply of electric energy to apparatus owned by the customer and used for such purposes.

1. DEFINITIONS (Continued)

Temporary Service: Service for enterprises or activities which are temporary in character or where it is known in advance that service will be of limited duration. Service, which in the opinion of the Authority, is for operations of a speculative character or the permanency of which has not been established, also is considered temporary service.

2. GENERAL CHARACTERISTICS OF SERVICE

A. General

1. The character of service available at any particular location should be ascertained by inquiry at the Authority's office.
2. The rate schedules established by the Authority are applicable for service where the customer purchases his entire electrical requirements from the Authority, except where such schedules specifically provide otherwise.
3. Alternating current service of approximately 60-hertz will be supplied.
4. Voltages referred to herein and in the rate schedules are cited at nominal levels as normally intended to be delivered. Actual levels may vary within acceptable industry limits as defined in American National Standard No. C84.

B. Phase and Voltage Specifications

1. Subject to the conditions listed below, single-phase or three-phase service will be supplied to the customer in accord with appropriate rate schedules.
 - a. Voltage supplied will be designated by the Authority.
 - b. Single-phase, two-wire, 120 volt service will not be supplied where more than one 15-ampere and one 20-ampere branch circuit is connected to such service. Single-phase loads exceeding these limits will be supplied in accord with provisions of Section B.2., hereof.
 - c. Three-phase service will not be supplied to customer motor loads which total less than 5 hp or to other three-phase devices of less than 5kW, except where applicant contributes the net estimated additional installed cost of such facilities, exclusive of meter and service.
 - d. Where a single-phase load exceeds the capacity of a 400-ampere main service switch, it will be supplied either (i) by multiple service connections which divide the load as equally as practicable and which are totalized for billing purposes, or (ii) by a single main service switch which does not exceed 600 amperes capacity.

2. GENERAL CHARACTERISTICS OF SERVICE (Continued)

B. Phase and Voltage Specifications (Continued)

e. Combined single and three-phase service at 120/240 volts, four-wire, delta will be supplied through a single meter only where the main service switch does not exceed 400 amperes capacity.

2. Service will be supplied at the following nominal voltages:

<u>Secondary-Single Phase</u>	<u>Secondary-Three Phase</u>	<u>Primary-Three Phase</u>
120 or 240 (2W)	208y/120 (4W)	4160y/2400 (4W)
120/208 (3W)	240Δ/120 (4W)	13,800 (3W)
120/240 (3W)	480Δ (3W)	
	480y/277 (4W)	

Service at any voltage is subject to the Authority's determination that such voltage is or will be available at the customer's service location.

C. Motor Protection and Equipment

All customer motor installation shall have protective apparatus or inherent construction within the motor to accomplish the following protection:

1. Motors that cannot be safely subjected to full rated voltage on starting or that drive machinery of such a nature that the machinery, itself, or the product it handles will not permit the motor to resume normal speed upon the restoration of normal supply voltage shall be equipped with devices that will disconnect them from the line upon failure of supply voltage and that will prevent the automatic reconnection of the motors upon restoration of normal supply voltage.
2. All motors of 1 hp or larger shall be equipped with thermal relays, fuses, or other automatic overcurrent interrupting devices to disconnect completely such motors from the line as a protection against damage due to overheating.

2. GENERAL CHARACTERISTICS OF SERVICE (Continued)

C. Motor Protection and Equipment (Continued)

3. Three-phase motors driving elevators, hoists, tramways, cranes, conveyors, or other equipment, which would create hazard to life in the event of uncontrolled reversal of motor rotation, shall be provided with reverse-phase and open-phase protection to disconnect completely the motors from the line in the event of phase reversal or loss of one phase.
4. The customer shall, at his own expense, furnish, install and keep in good and safe condition all motor protective devices required above and the Authority shall not be responsible for any loss or damage occasioned or caused by the negligence of the customer or of any of his agents, employees or licensees in installing, maintaining, using, operating or interfering with any such protective devices.

D. Allowable Motor Starting Currents

1. The starting current drawn from Authority's lines shall be considered the nameplate locked rotor current or that guaranteed by the manufacturer. At its option the Authority may determine the starting current by test, using a stop ammeter with not more than 15% overswing, or an oscillograph, disregarding the value shown for the first 10 cycles subsequent to energizing the motor.

If the starting current for a single motor exceeds the value stated in the following tables, reduced voltage starting or other suitable means must be employed, at the customer's expense, to limit the current to the value specified, except for the exemptions provided in Sections D.2. and 3.

- a. Single Phase Motors - Allowable Locked Rotor Currents in Amperes:

<u>Rated Size</u>	<u>120 Volts</u>	<u>240 Volts</u>
1 hp and less	50 amperes	44 amperes
1-1/2 hp		48 amperes
2 hp		63 amperes
3 hp		87 amperes
5 hp		130 amperes

2. GENERAL CHARACTERISTICS OF SERVICE (Continued)

D. Allowable Motor Starting Currents (Continued)

b. Three Phase Motors - Allowable Locked Rotor Currents in Amperes:

<u>Rated Size</u>	<u>208 Volts</u>	<u>240 Volts</u>	<u>480 Volts</u>
3 hp	71 amperes	62 amperes	31 amperes
5 hp	102 amperes	89 amperes	45 amperes
7-1/2 hp	141 amperes	122 amperes	61 amperes
10 hp	180 amperes	156 amperes	78 amperes
15 hp	257 amperes	223 amperes	112 amperes
20 hp	321 amperes	278 amperes	139 amperes
25 hp	405 amperes	350 amperes	175 amperes
30 hp			209 amperes
40 hp			278 amperes
50 hp			357 amperes

c. The locked rotor current values shown in the preceding tables are the maximum values allowed by NEMA (11-21-68 MG 1-12.33 for single-phase motors and MG 1-12.34 for three-phase motors.

d. Service to motors for which no locked rotor current value is shown in the tables in this section may be rendered if the Authority determines that adequate facilities to supply such service, subject to the provisions of Section E, are or can be installed at applicant's proposed service location.

2. Where service conditions permit, and subject to Authority approval, reduced-voltage starters may be omitted in the original installation until such time as the Authority may order the installation of a reduced-voltage starter to be made, and, similarly, the Authority may at any time require starting current values lower than set forth herein where conditions at any point on its system require such reduction to avoid interference with service.

3. Reduced-voltage starters may be omitted on any motor of a group installation provided that its starting current does not exceed the allowable starting current of the largest motor of the group.

2. GENERAL CHARACTERISTICS OF SERVICE (Continued)

E. Interference with Service

1. Customers who operate equipment which causes detrimental voltage fluctuations (such as, but not limited to, hoists, welders, radio transmitters, X-ray apparatus, elevator motors, compressors, and furnaces) must reasonably limit such fluctuations upon request by the Authority. The customer will be required to pay for the cost of such corrective measures as are necessary.
2. Any customer who superimposes a current of any frequency upon any part of his electrical system, other than the current supplied by the Authority, shall, at his expense, prevent the transmission of such current beyond his electrical system.

F. Power Factor

The Authority may require the customer to provide, at his own expense, equipment to increase the operating power factor of each complete unit of neon, fluorescent, other gaseous tube lighting equipment, welding transformers, X-ray machines, motors, air conditioners or other devices having low power factors to not less than 95% lagging or leading.

G. Other Conditions of Service

1. Phase Balancing

Where three-wire single phase, or three wire three-phase, or four-wire combination single-phase and three-phase service (except four-wire, delta) is supplied, the load must be balanced as nearly as practicable between the two sides or several phases, respectively. In no case should the load on one side of a three-wire single-phase service be greater than twice that on the other side, nor the load on any one phase of a three-phase star server be greater than twice that on any other phase.

2. Special Facilities for Added Reliability or Voltage Control

Where a customer desires special facilities to provide increased service reliability or voltage control within unusually close limits, the Authority shall require customer to provide such special facilities at his own expense or the Authority may provide such facilities if customer pays the net estimated installed cost thereof.

2. GENERAL CHARACTERISTICS OF SERVICE (Continued)

G. Other Conditions of Service (Continued)

In lieu of a lump sum payment of such estimated net cost, the customer and Authority may execute a mutually satisfactory contract to provide for the use and rental of such facilities.

3. Welders

The Authority will serve, at the applicable rate and without additional compensation, welding equipment of the limited input type which conforms to the standards of the National Electrical Manufacturers Association (NEMA), and which has a maximum input (primary) current rating not exceeding 12 amperes at 120 volts or 37 amperes at 208 or 240 volts.

Welding equipment which does not meet the standards of NEMA or which exceeds in input rating 12 amperes at 120 volts or 37 amperes at 208 or 240 volts, will also be served at the applicable rate without additional charge, provided that service to such welders has no detrimental effect on service to neighboring customers.

4. Motor Generator Sets and Rectifiers

Motor generator sets and rectifiers shall be considered as power apparatus and shall be rated, for the purpose of applying rate and regulations, on the manufacturer's input rating of the set or, at the Authority's option, by actual test.

5. Interconnection

Operation of electrical generating facilities in parallel with Authority's System, by or on behalf of a customer, is not permitted except in accordance with a written agreement between customer and Authority.

6. Temporary Suspension for Repairs

The Authority, whenever it shall find it necessary for the purpose of making repairs or improvements to its system, will have the right to suspend temporarily the delivery of electricity. In all such cases, as circumstances permit, reasonable notice with a minimum of three (3) days will be given to the customer, and the making of such repairs or improvements will be prosecuted as rapidly as may be practicable and, if practicable, at such times as will cause the least inconvenience to the customer.

3. APPLICATION FOR SERVICE

A. Application for Service

Each applicant for electric service shall render a deposit (Section C, hereof) and be required to sign an application on a form provided by the Authority and furnish the following information:

1. Name of applicant.
2. Date and place of application.
3. Service address and/or location of premises to be served.
4. Date applicant will be ready for service.
5. Whether the premises have been previously supplied.
6. Purpose for which service is to be used.
7. Customer's mailing address.
8. Whether applicant is owner or tenant of, or agent for, the premises.
9. Rate schedule desired if optional rate is available.
10. Such other information as the Authority may reasonably require.

The application is a request for service and does not itself bind the Authority to serve except under reasonable conditions, nor does it bind the customer to take service for a longer period than the minimum requirements of the rate. All customers of the Authority irrespective of whether or not they have signed an application for service shall comply with the rules and rate schedules of the Authority.

B. Individual Liability for Joint Service

Two or more persons who join in one application or contract for service shall be jointly and severally liable thereunder and shall be billed by means of a single periodic bill mailed to the person designated on the application to receive the bill

3. APPLICATION FOR SERVICE (Continued)

C. Amount of Deposit

1. Residential Service. The amount of deposit required to establish (or re-establish) credit will not exceed one and one-half times the estimated monthly bill, but will not be less than \$25.00.
2. All Other Classes of Service. The amount of deposit required to establish (or re-establish) credit will not exceed two and one-half times the established monthly bill, but will not be less than \$75.00.
3. A deposit will not be required for an individual or firm who relocates to another location, providing such individual or firm has previously established satisfactory credit.

D. Return of Deposit

1. When an application for service has been cancelled prior to the establishment of service, the deposit will be applied to any charges applicable in accordance with the rate schedule and the excess portion of the deposit will be returned, and the customer will be so advised.
2. Upon discontinuance of service, the Authority will refund the customer's deposit by applying it to the customer's account or issuing a check; in each case the customer will be so advised.
3. The deposit shall be returned to the customer when credit is established, not to exceed two years. Interest on such deposits, at the rate of five percent per annum will be effective on all deposits deposited with Guam Power Authority after October 16, 1979.

E. Change in Customer's Equipment or Operations

Customers shall give the Authority written notice of the extent and nature of any material change in the size, character, or extent of the utilizing equipment or operations for which the Authority is supplying electric service before making any such change.

F. Temporary Service

The Authority shall, if no undue hardship to its existing customers will result therefrom, furnish temporary service under the following conditions.

3. APPLICATION FOR SERVICE (Continued)

F. Temporary Service (Continued)

1. The applicant shall pay, in advance or otherwise as required by the Authority, the estimated cost of installing and removing the necessary facilities, less the estimated salvage value thereof.
2. The applicant shall submit a deposit, as required by Section C.1.1.1.1.1, except that the amount of deposit shall not exceed the estimated bill for the duration of service.

G. Change to Permanent Status -

1. If service to the electrical machinery or apparatus as originally installed or its equivalent is supplied a temporary customer on a continuous, intermittent or seasonal basis for a period of 18 consecutive months from the date electric service first was delivered under this rule, the customer shall be classified as permanent and the payment made in excess of that required for permanent service or under the line extension rule for permanent customers shall be refunded in accordance with the provisions of Section H.2. following, provided the customer then complies with all of the rules applicable to electric service.
2. If at any time the character of a temporary load changes so that, in the opinion of the Authority, the customer may be classified as permanent, the amount of payment made in excess of that required for permanent service immediately shall be refunded to the customer in accordance with Section H.1. following.

H. Refunds

1. The amount of refund upon reclassification of a customer from temporary to permanent status will be made on the basis of the extension rule in effect at the time.
2. The payment made by the applicant in excess of any that is required under the extension rule for permanent service in effect at the time of conversion to permanent service shall be refunded at the rate of 1-2/3% for each month of service in excess of the first 12 months.
3. If payment has not been made in advance, applicant's excess obligation shall be reduced by 1-2/3% for each month of service in excess of the first 12 months.

3. APPLICATION FOR SERVICE (Continued)

H. Refunds (Continued)

4. Total refunds shall not exceed the amount deposited and no interest shall be paid on the amount advanced.

I. Service to Mobile Buildings and Construction Sites

1. Electric service to a mobile building or construction site will be rendered by the Authority on a temporary basis in accordance with the rule until such customer qualifies for permanent status under Section G hereof.
2. Payment for an installation of facilities for service to a mobile building or a construction site will be made pursuant to Section F of this rule.

4. RENDERING AND PAYMENT OF BILLS

A. Rendering of Bills

1. Billing Period

Bills for electric service will be rendered monthly as provided in the rate schedules.

2. Metered Service

Bills for metered service will be based on meter registrations. Meters will be read as required for the preparation of regular bills, opening bills and closing bills. It may not be possible always to read meters on the same day of the month, and if a monthly billing period contains less than 27 days or more than 34 days, a pro rata computation in the bill will be made.

3. Pro Rata Computation

Except as provided below, all bills for electric service rendered for periods of less than 27 days or more than 34 days on a monthly billing period will be computed in accordance with the applicable schedule, provided, however, that the size of the energy blocks, and the amount of the demand or minimum charge specified will be prorated on the basis of the ratio of the number of days in the period to the number of days in an average monthly period, which for this purpose shall be taken as 30 days, or as otherwise provided in the rate schedules. If the bill is prorated, the customer will be so notified.

B. Reading of Separate Meters Not Combined

For the purpose of billing, each meter upon the customer's premises will be considered separately, and the readings of two or more meters will not be combined except as follows:

1. Where combinations of meter readings are specifically provided for in the rate schedule.
2. Where the Authority's operating convenience requires the use of more than one meter.

4. RENDERING AND PAYMENT OF BILLS (Continued)

C. Payment of Bills

All bills are due and payable upon presentation, and are past due if unpaid 15 days after presentation. Payment should be made at the Authority's office or to an authorized representative or agent.

D. Non-Payment of bills

All customers with past due bills are subject to disconnect for non-payment on receipt of a disconnect notice. Any amount past due and appearing as arrears of "balance last month" on a bill is immediately payable (along with current charges) if the bill is stamped "disconnect within 15 days" from date of this billing.

5. DISPUTED BILLS

All bills rendered are assumed correct unless a request for an investigation of a bill is initiated by the customer within 45 days of presentation. When a customer and the Authority fail to agree on a bill for electric service and the disputed bill is not paid 15 days after presentation, the Authority will notify the customer in writing:

1. That in lieu of paying the disputed bill the customer must deposit with the Board of Directors, Guam Power Authority, a certified check or cash in an amount equal to the average bill of the past three months together with a request for review under Section 21152 of the Government Code of Guam.
2. That checks or other forms of remittance for such deposit should be made payable to the Guam Power Authority.
3. That upon receipt of the deposit the Public Utilities Commission will schedule a hearing within 30 days of receipt of deposit to review the basis of the billed amount, and will advise the customer of its findings and will direct the Guam Power Authority to disburse the deposit in accordance therewith.
4. That service will not be discontinued for non-payment of the disputed bill when deposit has been made with the Board pending the outcome of such hearing and review.
5. That failure of the customer to make such deposit within 15 days after the date upon which notice was given will warrant discontinuance of his service without further notice.
6. That, if before completion of the Board's hearing and review, additional bills become due which the customer wishes to dispute, he shall follow the same procedure with respect to such additional bills before they become past due and that failure to do so will warrant discontinuance of his service.

6. DISCONTINUANCE AND RESTORATION OF SERVICE

A. Non-Payment of Bills

1. When a bill for electric service has become past due, service may be discontinued. Bills for electric service will be considered past due if not paid 15 days after date of presentation.
2. A customer's service may be discontinued for non-payment of a bill for service rendered him previously at any location served by the Authority.
3. If a customer is receiving more than one service, any or all services may be discontinued when any service, regardless of location, is discontinued for non-payment, except that residential service will not be discontinued because of non-payment of bills for other classes of service.
4. Under no circumstances may service be discontinued for non-payment of a bill to correct previously billed incorrect charges for a period in excess of the preceding 90 days, unless such incorrect charges have resulted from the customer not abiding by the Authority's service rules.

B. Unsafe or Illegal Equipment

The Authority may refuse or discontinue service to a customer if any part of his wiring or other equipment, or the use thereof shall be determined to be unsafe or in violation of applicable laws, ordinances, rules or regulations of public authorities, or if any condition existing upon the customer's premises shall be thus determined to endanger the Authority's service facilities until it shall have been determined to be safe or the violation remedied as a result of subsequent corrective action.

The Authority does not assume any responsibility of inspecting or repairing the customer's wiring or other equipment or any part thereof and assumes no liability therefor.

C. Service Detrimental to Other Customers

The Authority may refuse or discontinue service to utilizing equipment, the operation of which will be detrimental to the service of the Authority or its other customers.

6. DISCONTINUANCE AND RESTORATION OF SERVICE (Continued)

D. Fraud

The Authority may refuse or discontinue service if the acts of the customer or the conditions upon his premises are such as to indicate an intent to defraud the Authority (e.g. meter tampering, connection without meters).

E. Failure to Submit a Deposit

If, for an applicant's convenience, the Authority provides service before a deposit is submitted in accordance with Rule No. 3, and he fails to submit a deposit within 5 business days, the Authority may discontinue such service.

F. Noncompliance with Rate Schedule

Except as otherwise specifically provided in this rule, the Authority may discontinue service to a customer for noncompliance with rate schedules if, after written notice of at least 5 (business) days, he has not complied with the notice. The Authority may dispense with the giving of such notice in the event of a dangerous condition which requires immediate discontinuance of service.

G. Customer's Request for Service Discontinuance

When a customer desires to terminate his responsibility for service, he shall give the Authority not less than two days' notice and state the date on which he wishes the termination to become effective. A customer shall be held responsible for all service furnished at the premises until two days after receipt of such notice by the Authority or until the date of termination specified in the notice, whichever date is later.

H. Restoration - Reconnection Charge

The Authority shall require payment of a \$25.00 reconnection charge before restoring service that has been disconnected for any of the reasons in Sections A through G of this rule.

7. APPLICATION OF RATES

A. Effective Rates

The rates charged by the Authority for electric service are those approved by the Public Utilities Commission and legally in effect. A copy of the complete rate schedules shall be maintained for public inspection at the Authority's General Office and at such other locations as the Authority may establish from time to time. The Authority's rate schedules will be interpreted and applied by the Authority, for each customer's service requirements in accordance with the terms and conditions of such rate schedules and the size and characteristics of such service requirements, as these are determined from time to time. A customer who is adversely affected by the application of any rate or charge for electric service may appeal to the Public Utilities Commission pursuant to Sections 21152 and 21153 of the Government Code of Guam.

B. Optional Rates

If the Authority has in effect two or more rate schedules for the class of service requested by the applicant, the Authority or its authorized employees will call applicant's attention, at the time application is made, to the several schedules, and the applicant should designate which rate schedule he desires. When the customer notifies the Authority of any material change in the size, character or extent of his utilizing equipment, or operations, in accordance with Section E of Rule No. 3, the Authority will, within a reasonable time, but not less than ten days, advise the customer of the resulting rate options. In the absence of the notification provided for in Section E of Rule No. 3, the Authority assumes no responsibility for advising the customer of lower optional rates under other existing schedules, if any, which are available as a result of the customer's changes in equipment or operations.

C. New or Revised Rates

If new or revised rates are established after customer applies for service, the Authority will, within a reasonable time, but not less than ten days, use such means as practicable to bring them to the attention of each customer who may be affected thereby.

7. APPLICATION OF RATES (Continued)

D. Change of Rate Schedule

1. A change to another applicable rate schedule will also be made where the customer elects to make such change.
2. If a customer so elects, the change will be made provided:
 - a. A change has not been made during the past 12-month period; or
 - b. The change is made to, or from, a new or revised rate schedule; or
 - c. There has been a change in the customer's operating conditions for that service which, in the opinion of the Authority, justifies the change; and
 - d. The change is not made more often than once in 12 months where service is being supplied under a schedule containing an annual fixed charge or an annual minimum charge; and
 - e. The customer has made the request by written notice to the Authority.
3. The change will become effective for the billing period during which the customer has requested the change.

8. LINE EXTENSIONS

A. Extensions Normally at Authority Expense

Extensions of electrical distribution lines at standard voltages specified in Rule No. 2 to supply electric service applicants of a permanent character will normally be constructed, owned, operated and maintained by the Authority at its expense. Line extensions will be subject to the provisions of the Authority's regulations and the provisions of the applicable rates. Private or government owned electric lines beyond the point where the service is delivered must be constructed and maintained without expense to the Authority and must conform to standards for electric line construction acceptable to the Authority.

B. Right of Way

The Authority will construct, own, operate, and maintain lines only along public streets, road and highways which the Authority has the legal right to occupy, and on public lands and private property across which rights-of-way satisfactory to the Authority may be obtained without cost.

C. Individual Applications and Advance Notice Required

Electric line extensions will be constructed, owned, and maintained by the Authority to supply individual applicants with electric service at their request and in accordance with this and other applicable regulations. Such applicants will be required to provide the Authority sufficient advance notice so that construction may be scheduled to render service by the time such service is desired.

D. Length of Overhead Line Extension

1. Free Extension Allowance

Overhead line extensions to serve new customers will be made by the Authority at its own expense provided the installed cost of such line extensions, exclusive of transformers, meters and services, does not exceed thirty (30) times the monthly revenue, exclusive of all fuel adjustment, and also exclusive of all fuel expenses included in the Authority's base rate, from such extension, as estimated by the Authority or as guaranteed by such customers, whichever amount of revenue is higher.

8. LINE EXTENSIONS (Continued)

D. Length of Overhead Line Extension (Continued)

2. Extension Beyond Free Length

- a. Overhead line extensions of greater length than the free extension allowance will be made, provided the applicant(s) for service makes an advance payment to the Authority of the estimated installed cost of such line extension in excess of the free length. Such line extensions will be owned, operated and maintained by the Authority.
- b. Such advance payment will be subject to refund by the Authority in an amount based on the footage that (i) the allowable free length, under paragraph 1 (as increased to reflect the estimated or guaranteed revenue from load or customers subsequently connected) exceed (ii) the length of line required to serve, multiplied by (iii) the unit cost per foot applicable at the time the extension was originally constructed.
- c. Refunds of advance payments made hereunder will be predicated on the connection of additional separately metered permanent load or customers to the extension; will be made without interest; and will be made within 90 days after date of first service to such additional load or customers, except that refunds may be accumulated to a \$25 minimum, or to the total refundable balance if less than \$25, before each refunding.
- d. No refund will be made by the Authority in excess of the amount advanced by the applicant or applicants, nor after a period of 5 years from the date the Authority is first ready to render service from the extension, and any unrefunded amount remaining at the end of the 5-year period will become the property of the Authority.

E. Underground Installations

Underground line extensions will be made only pursuant to terms, standards and conditions stipulated by the Authority, except in those areas where the Authority maintains or desires to maintain underground distribution facilities for its operating convenience or in compliance with applicable laws, ordinances, or similar requirements of public authorities.

9. SERVICE CONNECTIONS AND FACILITIES
ON CUSTOMER'S PREMISES

A. Meters

All meters shall be installed by the Authority upon the customer's premises in a location approved by the Authority and such location shall at all times be kept accessible for meter inspection, reading, and testing. If such location becomes inaccessible, the Authority may require the customer to provide a new meter location at the customer's expense. All meters shall be sealed by the Authority and no such seal shall be broken or tampered with by the customer.

Where meter transformers are furnished by the Authority as part of the meter installation, the Authority will also furnish the means of safe testing required by law. Where such transformers are not used, the customer shall provide a service switch incorporating such means for safe testing. Information about such equipment will be furnished by the Authority on request.

B. Service Connections

The Authority will not connect more than one service for each voltage to any one building, except where such additional services are required by law for emergency lighting or where, in the Authority's judgment, such services are warranted because of load requirements, or the Authority's operating convenience. Service wires shall not exceed 150 feet in length and customer's point of attachment shall be sufficiently above ground level to provide the clearance required by the National Electrical Safety Code. Service to a new building will not be connected until such building has been approved for electric service by the Guam Department of Public Works or other governmental agency having jurisdiction.

C. Overhead Service at Secondary Voltage in
Areas Supplied by Overhead Facilities

In those areas where it has been determined that the Authority will continue to serve its customers overhead and where the Authority's distribution pole line is located on a street, highway, lane, alley, road, or private easement contiguous to the customer's premises, the Authority will, at its expense, furnish and install a service drop from its pole line to the first point of attachment to the customer's building or other permanent support provided by the customer, such point to be approved by the Authority.

9. SERVICE CONNECTIONS AND FACILITIES
ON CUSTOMER'S PREMISES (Continued)

D. Underground Service at Secondary Voltage
in Areas Supplied by Overhead Facilities

In areas supplied by overhead facilities only, and the customer desires underground service, underground facilities shall be furnished by the customer at his expense and shall include sufficient conductor to reach the service pole specified by the Authority and to rise thereon to the height of the circuit position specified by the Authority. The customer shall install such facilities to a point on such pole above final ground level as specified by the Authority and the remaining installation will be completed by the Authority, using the conductor and other material furnished by the customer. All such facilities and installations shall be subject to approval by the Authority as to design, specifications and final field inspection.

E. Service at Secondary Voltage in Areas
Supplied by Underground Facilities

In areas supplied by the Authority's underground facilities located in the public street or immediately adjacent to the customer's premises, the Authority will, at its expense, extend an underground service connection at 480 volts or less to the facilities provided by the customer at a point designated by the Authority, subject to applicable laws and ordinances.

F. Service Requiring a Transformer
Bank on Customer's Premises

Where, in the Authority's judgment, service to a single customer requires the exclusive use of a transformer bank and such bank cannot properly be accommodated on an Authority easement or right of way, such customer shall provide a site for either a totally enclosed, pad-mounted transformer or an outdoor transformer station enclosure or provide an indoor transformer room or vault as required by this rule. At its option, the Authority may elect to install the transformer bank on a pole structure. If such a structure cannot properly be accommodated on an Authority easement or right of way, the customer shall provide a location for the Authority as to installation of facilities and access for maintenance.

9. SERVICE CONNECTIONS AND FACILITIES
ON CUSTOMER'S PREMISES (Continued)

G. Construction of Transformer Pad,
Station Enclosure, or Vault

If a site for either a totally enclosed, pad-mounted transformer or an outdoor transformer station enclosure is provided, the customer shall also at his expense (i) construct the necessary concrete pad for the transformer and (ii) terminate his service facilities at the Authority's transformer terminals. Such site and related improvements shall be according to specifications prescribed by the Authority. The Authority will, at its expense provide the proper fencing for such a transformer station enclosure. If a transformer room or underground vault is provided it shall conform to the requirements of the Authority pertaining to safety, grounding, size, ventilation, security and access.

H. Primary Voltage Supply to Customer's Premises

Wherever adequate service to a customer requires and where, in the Authority's judgment, it is desirable and practicable to do so, the Authority will construct on the customer's premises a primary voltage supply line. Such supply line will extend to the transformer bank, metering installation, or other terminal point, as designated by the Authority.

1. By Means of Overhead Facilities

Where such supply line is to be of standard construction for overhead lines, the Authority will, at its expense, furnish and install the entire line and will make the necessary electrical connections.

2. By Means of Underground or Conduit Facilities

- a. In areas supplied by the Authority's overhead facilities where the customer requests and the Authority agrees, or where the Authority determines, that such primary voltage supply line be underground or otherwise in conduit, in whole or in part, the customer shall furnish and install the entire conduit system, including transformer pads, rooms or vaults, manholes, pull boxes, and pull wires.

9. SERVICE CONNECTIONS AND FACILITIES
ON CUSTOMER'S PREMISES (Continued)

H. Primary Voltage Supply to Customer's Premises (Continued)

The conduit system shall be constructed and installed in accordance with specification prescribed by the Authority and shall be along a route approved by the Authority, and, when required, shall include sufficient conduit to reach a point designated by the Authority on its supply pole, or pole, on which service is to be connected.

After completion, the customer shall be responsible for the proper maintenance and replacement of such conduit system. Such customer shall also grant to the Authority rights of access, satisfactory to the Authority, for the installation and maintenance of the necessary primary voltage electrical conductors and their connections.

- b. For such primary voltage supply line, the Authority will furnish and install any necessary electrical conductor and will make the necessary electrical connections at its expense; provided, however, that the customer shall pay to the Authority, in advance or otherwise as agreed, the estimated installed cost of such underground conductors, reduced by the amount of the estimated installed cost of overhead facilities of the same capacity required to serve such customer. After completion thereof, the Authority will be responsible for the proper maintenance and replacement of such underground conductors and the related electrical connections.

I. Authority Ownership of Facilities and Right of Access

All facilities installed on a customer's premises, including but not limited to conductor, transformers, poles, meters, etc., which are furnished by the Authority in order to render electric service, shall remain the sole property of the Authority. The Authority shall have the right of access to the customer's premises, without payment of any charge of rent therefor, at all reasonable hours for any purpose related to the furnishing of electric service, including but not limited to meter reading, testing, inspection, construction, maintenance, and repair of facilities. Upon termination of service, and for a reasonable period thereafter, the Authority shall have the right of access to the customer's premises to remove its facilities installed thereon.

9. SERVICE CONNECTIONS AND FACILITIES
ON CUSTOMER'S PREMISES (Continued)

J. Customer Responsibility for Authority's Facilities

The customer shall exercise reasonable care to prevent facilities of the Authority installed on his premises from being damaged or destroyed and shall refrain from tampering or interfering with such facilities, and if any defect therein is discovered by the customer, he shall promptly notify the Authority thereof.

K. Customer Responsibility for Customer's Facilities

The customer shall, in his sole risk and expense, furnish, install, inspect and keep in good and safe condition all electrical facilities required for receiving electric energy from the lines of the Authority, regardless of the location of the transformers, meters, or other equipment of the Authority, and for utilizing such energy, including all necessary protective devices and suitable housing therefor, and the customer shall be solely responsible for the transmission and delivery of all electric energy over or through the customer's wires and equipment, and the Authority shall not be responsible for any loss or damage occasioned thereby.

All service switches, cutouts, and similar devices required in connection with a service and meter installation on the customer's premises shall be furnished, installed, and maintained by the customer in accordance with Authority specifications.

10. METER TESTS AND ADJUSTMENT
OF BILLS FOR METER ERROR

A. Meter Tests

1. Prior to Installation

Meters will be tested at the time of their installation, either individually or, in case of newly purchased meters, by valid sampling methods, and no meter will be placed in service or allowed to remain in service which is found to have an error in registration in excess of 2% under conditions of normal operation.

Meters and associated metering devices will be tested and adjusted in conformity with the standards of the American National Standards Institute Code for Electricity Metering ANSI C12-1975, or latest edition.

2. On Customer Request

Any customer may, upon not less than seven days' notice, require the Authority to test his electric meter. No payment or deposit will be required from the customer for such test except that when a customer whose average monthly bill for electric service is less than \$300 requests a meter test within six months after date of installation of the meter, or more often than once in six months thereafter, a thirty-five dollar (\$35.00) deposit to cover the reasonable cost of the test will be required of the customer.

The amount so deposited will be returned to the customer if the meter is found, upon test, to register more than 2% fast or slow under conditions of normal operation.

3. Witness of Tests

A customer shall have the right to require the Authority to conduct the test in his presence, or if he so desires, in the presence of an expert or other representative appointed by him. A report giving the result of the test will be supplied to the customer within a reasonable time after completion of the test, if so requested.

10. METER TESTS AND ADJUSTMENT
OF BILLS FOR METER ERROR (Continued)

B. Adjustment of Bills for Meter Error

1. Fast Meters

When, upon test, any meter is found to be registering more than 2% fast, the Authority will refund to the customer the amount of the overcharge based on corrected meter readings for the preceding three months, subject to the provisions of paragraph 4 hereof.

2. Slow Meters

When, upon test, any meter is found to be registering more than 2% slow, the Authority may bill the customer for the amount of the undercharge based on corrected meter readings for the preceding three months, subject to the provisions of paragraph 4 hereof.

3. Nonregistering Meters

When, upon test, any meter is found to be nonregistering, the Authority may bill the customer for the estimate of electricity consumed but not registered for a period of three months, subject to the provisions of paragraph 4 hereof.

Bills for this purpose may be estimated based on the customer's prior use, the customer's subsequent use correctly metered, or the Authority's experience with other customers of the same class, and the general characteristics of the customer's operation, depending on which source would give the most accurate results.

4. General

When it is found that the error in a meter is due to causes, the date of which can be reliably established, the overcharge or the undercharge will be computed back to but not beyond that date.

RULE 11. ADJUSTMENT FOR FUEL COST

The calculation of each bill, pursuant to the rates and charges contained in the applicable rate schedule, shall be subject to an adjustment for variations in fuel cost. The adjustment will be made by multiplying a Unit Fuel Charge or Unit Fuel Credit times the total kilowatt hours for which the bill is rendered.

The Unit Fuel Cost will be calculated by the following formula:

$$\text{Unit Fuel Cost} = \frac{A \times B \times C}{D}$$

where: A = Bbls consumed in IWPS
B = $\frac{\text{GPA kWh from pool (1)}}{\text{Total Joint Use kWh (1)}}$

(1) These figures from monthly power pool settlement calculations.

C = Current GPA price in dollars per bbl of fuel

D = GPA kWh sales

The Unit Fuel Charge or Unit Fuel Credit will be calculated by the following formula:

$$\text{U.F.C. or U.F.Cr.} = \text{Unit Fuel Cost} - \$0.032201$$

The \$0.032201 is based on fuel cost of \$2.297266 per million Btu.

The Unit Fuel Charge or the Unit Fuel Credit will be recalculated any time the price per bbl the Guam Power Authority is charged for fuel is changed, and will thereafter be applied to the computation of customer bills. The increment in the New Unit Fuel Charge (or Unit Fuel Credit) over the previous Unit Fuel Charge will be applied to the consumption of kilowatt hours by the customer in a manner proportioned to the number of days during which the increase price is applicable to GPA. "Unit Fuel Charge or the Unit Fuel Credit" will be reviewed at the end of the first full calendar month following the month in which GPA experiences a fuel price change. If the review indicates a Unit Fuel Charge or Unit Fuel Credit different than that being used, an appropriate correction will be made and applied until such time as the GPA fuel price is again changed.

Amended
November 1, 1981

Rate Schedule "R"

Issued March 21, 1984
Revised April 18, 1985
Effective with meters read
on and after May 1, 1985

GUAM POWER AUTHORITY

SCHEDULE "R"

Residential Service

Availability:

Applicable to single phase residential lighting, heating, cooking, air conditioning and power in a single family dwelling unit metered and billed separately by the Authority. This schedule does not apply where a residence and business are combined nor where the average daily consumption is more than 200 kilowatt hours per day.

Rate:

"R"

Non-Fuel Energy Charge

First 100 kwhr per month	- per kwhr	10.61¢
Over 100 kwhr per month	- per kwhr	5.25¢

Base Fuel Energy Charge (to be added to the Non-Fuel Energy Charge)

All kwhr per month	- per kwhr	6.95¢
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Reduce the sum of the non-fuel energy charge plus the base fuel energy charge by 4.2%.

Fuel Clause:

The fuel cost adjustment, as specified in Schedule "Z" will be added to each bill for service.

Apartment House Collection Arrangement:

Any apartment owner having three or more apartments at one location, each apartment being separately metered and billed on the above rate, may elect to accept a discount of ten percent (10%) of the amount of the bills rendered for each apartment, but not to exceed \$5.00 per month for each apartment, upon entering into the following collection agreement with the Authority under the following terms and conditions:

SCHEDULE "R" (Continued)

1. All accounts shall be kept in the name of the apartment house owner who shall assume the responsibility for the prompt payment of all bills.
2. All accounts shall remain active at all times. Individual apartments cannot be added to or deleted from this agreement more often than once in twelve months.
3. The Authority will render individual bills for each apartment on a regular billing period basis and will also furnish a statement showing gross and net billings.

Multi-family Dwellings:

In apartment buildings or other residential premises where additional dwelling units are created by alterations or modifications to the premises and where the separate metering and billing by the Authority of the service used in each dwelling unit is impractical, the service may be supplied through a single meter. In such instances the above rate shall be increased by \$1.50 per month for each dwelling unit on the premises.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

Schedule C - Late Payment Charge

Rate Schedule "G"

Issued March 21, 1984
Revised April 18, 1985
Effective with meters read
on and after May 1, 1985

GUAM POWER AUTHORITY

SCHEDULE "G"

General Service - Non Demand

Availability:

Applicable to general light and/or power supplied through a single meter where the consumption is less than 5,000 kwhr per month.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per month	- per kwhr 19.80¢ - \$39.60
Over 200 kwhr per month	- per kwhr 14.438¢

For Three Phase Service:

First 400 kwhr per month	- per kwhr 19.80¢ - \$79.20
Over 400 kwhr per month	- per kwhr 14.43¢

Reduce the product of the monthly rate by 4.2%.

Fuel Clause:

The fuel cost adjustment, as specified in Schedule "Z" will be added to each bill for service.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges
Schedule B - Service Establishment Charges
Schedule C - Late Payment Charge

Issued March 21, 1984
 Revised April 18, 1985
 Effective with meters read
 on and after May 1, 1985

GUAM POWER AUTHORITY

SCHEDULE "J"

General Service - Demand

Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

Single Phase Service:

First 200 kwhr per kw of billing demand	
First 200 kwhr	- per kwhr 19.90¢
Over 200 kwhr	- per kwhr 14.84¢
Next 200 kwhr per kw of billing demand	- per kwhr 12.69¢
Over 400 kwhr per kw of billing demand	- per kwhr 10.53¢

Three Phase Service:

First 200 kwhr per kw of billing demand	
First 400 kwhr per month	- per kwhr 19.80¢
Over 400 kwhr per month	- per kwhr 14.84¢
Next 200 kwhr per kw of billing demand	- per kwhr 12.69¢
Over 400 kwhr per kw of billing demand	- per kwhr 10.53¢

Reduce the product of the monthly rate by 4.2%.

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such monthly but not less than 75% of the greatest maximum demand for the preceding eleven months nor less than 25 kw.

SCHEDULE "J" (Continued)

Delivery Supply Voltage Service:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Clause:

The fuel cost adjustment, as specified in Schedule "Z" will be added to each bill for service.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

Schedule C - Late Payment Charge

Rate Schedule "P"

Issued March 21, 1984
Revised April 18, 1985
Effective with meters read
on and after May 1, 1985

GUAM POWER AUTHORITY

SCHEDULE "P"

Large Power Service

Availability:

Applicable to large light and/or power service supplied and metered at a single voltage and delivery point, with demand of 200 kw or more.

Monthly Rate:

First 200 kwhr per kw of billing demand		
First 4000 kwhr	- per kwhr	20.10¢
Over 4000 kwhr	- per kwhr	15.10¢
Next 200 kwhr per kw of billing demand	- per kwhr	11.17¢
Over 400 kwhr per kw of billing demand	- per kwhr	9.00¢

Reduce the product of the monthly rate by 4.2%.

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such month or, 75% of the customer's highest metered maximum demand in any of the preceding eleven months, whichever is the higher, but not less than the minimum billing demand of 200 kw.

Power Factor:

The above demand and energy charges are based upon an average monthly power factor of 85%. For each 1% the average power factor is above 87% or below 83%, the monthly bill is computed under energy charges shall be decreased or increased, respectively, by 0.15%. The power factor will be computed to the nearest whole percent.

In no case, however, shall the power factor be taken as more than 100% for the purpose of computing the adjustment.

Rate Schedule "P"

SCHEDULE "P" (Continued)

The average monthly power factor will be determined from the readings of a kwh meter and kvarh meter. The kvarh meter shall be ratcheted to prevent reversal in the event the power factor is leading at any time.
Special Terms and Conditions:

Supply Voltage Delivery:

Where, at the option of the Authority, the customer takes delivery and/or is metered at the Authority's supply line voltage, the energy charges will be decreased as follows:

Distribution voltage supplied without further transformation	2%
If meter is at the supply line voltage	1%

Fuel Clause:

The fuel cost adjustment, as specified in Schedule "Z" will be added to each bill for service.

Terms of Contract:

Not less than one year.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

Schedule C - Late Payment Charge

Issued March 21, 1984
 Revised April 18, 1985
 Effective with meters read
 on and after May 1, 1985

GUAM POWER AUTHORITY

SCHEDULE "H"

Private Outdoor Lighting

Availability:

Applicable to private outdoor lighting service where the Authority owns, maintains and operates such facilities.

Rate:

Energy Charge:

All kilowatt-hours per month - per kwhr 12.4¢

FIXTURE CHARGE: (To be added to the Energy Charge)

Lamp Type	Wattage	kwhr per month	Amount per lamp per month
Mercury Vapor	250	101	\$11.25
Mercury Vapor	400	159	17.85
High-Intensity Discharge	400	163	22.00
High Pressure Sodium (Lucalox)	250	101	19.50
High Pressure Sodium (HPS)	150	54	14.25

Reduce the sum of the energy charge plus fixture charge by 4.2%.

Fuel Clause:

The fuel cost adjustment, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Terms and Conditions:

1. Determination of Energy:

Standard service will be unmetered dusk to dawn service. The kilowatt-hours shall be the average kwh use per month by lamp type.

2. Standard Equipment Furnished:

Bracket or mast arm construction will be furnished and attached to existing wooden poles and secondary voltage.

SCHEDULE "H" (Continued)

3. Other Than Standard Equipment:

Where the customer requests the installation of other than the standard equipment be furnished by the Authority, including underground and such requested equipment is acceptable to the Authority, the Authority will install the requested equipment provided the customer agrees to make a contribution of the estimated difference in cost installed between such equipment and standard equipment.

Contributions made for this purpose will not be refunded. Where the customer requests fixtures to be installed on electroliers or other ornamental standards that are acceptable to the Authority, in lieu of making the contribution, the customer may elect to pay added facilities charge of 2% per month of the added investment required for such facilities. Facilities installed in connection with such agreements become and remain the sole property of the utility.

4. Replacement Cost:

Where the customer requests an existing streetlighting fixture or electrolier be replaced with another type within 60 months from the date of the original installation of the equipment to be replaced, the customer shall make contribution to the estimated cost of the new equipment installed plus the cost of the removal of the existing equipment.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

Schedule C - Late Payment Charge

Rate Schedule "S"

Issued March 21, 1984
Revised April 18, 1985
Effective with meters read
on and after May 1, 1985

GUAM POWER AUTHORITY

SCHEDULE "S"

Small Government Service - Non-Demand

Availability:

Applicable to general light and/or power supplied through a single meter where the consumption is less than 5,000 kwhr per month.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

For Single Phase Service:

First 200 kwhr per month	- per kwhr	20.68¢
Over 200 kwhr per month	- per kwhr	15.10¢

For Three Phase Service:

First 400 kwhr per month	- per kwhr	20.68¢
Over 400 kwhr per month	- per kwhr	15.10¢

Reduce the product of the monthly rate by 4.2%.

Fuel Clause:

The fuel cost adjustment, as specified in Schedule "Z" will be added to each bill for service.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

- Schedule A - Accommodation Service Charges
- Schedule B - Service Establishment Charges
- Schedule C - Late Payment Charge

Rate Schedule "K"

Issued March 21, 1984
Revised April 18, 1985
Effective with meters read
on and after May 1, 1985

GUAM POWER AUTHORITY

SCHEDULE "K"

Small Government Service - Demand

Availability:

Applicable to general light and/or power supplied through a single meter and for residential service with consumption in excess of 200 kilowatt hours per day.

Service will be delivered at secondary voltages as specified by the Authority, except that where the nature or location of the customer's load makes delivery at secondary voltage impractical, the Authority may, at its option, deliver the service at a nominal primary voltage as specified by the Authority. Service supplied at primary voltage shall be subject to the special terms and conditions set forth below.

Monthly Rate:

Single Phase Service:

First 200 kwhr per kw of billing demand	
First 200 kwhr	- per kwhr 20.68¢
Over 200 kwhr	- per kwhr 15.68¢
Next 200 kwhr per kw of billing demand	- per kwhr 13.33¢
Over 400 kwhr per kw of billing demand	- per kwhr 11.50¢

Three Phase Service:

First 200 kwhr per kw of billing demand	
First 400 kwhr per month	- per kwhr 20.68¢
Over 400 kwhr per month	- per kwhr 15.68¢
Next 200 kwhr per kw of billing demand	- per kwhr 13.33¢
Over 400 kwhr per kw of billing demand	- per kwhr 11.50¢

Reduce the product of the monthly rate by 4.2%.

Determination of Demand:

The maximum demand for each month shall be the maximum average load in kw during any fifteen-minute period as indicated by a demand meter. The billing demand for each month shall be the maximum demand for such monthly but not less than 75% of the greatest maximum demand for the preceding eleven months nor less than 25 kw.

Rate Schedule "F"

GUAM POWER AUTHORITY

SCHEDULE "F"

Streetlighting

Availability:

Applicable to public outdoor lighting service where the Authority owns, maintains and operates such facilities.

Rate:

ENERGY CHARGE:

All kilowatt-hours per month - per kwhr 13.86¢

FIXTURE CHARGE: (To be added to the Energy Charge)

<u>Lamp Type</u>	<u>Wattage</u>	<u>kwhr per month</u>	<u>Amount per lamp per month</u>
Mercury Vapor	250	101	\$14.25
Mercury Vapor	400	159	17.85
High-Intensity Discharge	400	163	22.00
High Pressure Sodium (Lucalox)	250	101	19.50
High Pressure Sodium (HPS)	150	54	14.25

Fuel Clause:

The fuel cost adjustment, as specified in Schedule "Z", will be added to each bill for service based on the above kwhr.

Terms and Conditions:

1. Determination of Energy:

Standard service will be unmetered dusk to dawn service. The kilowatt-hours shall be the average kwh use per month by lamp and appurtenances type.

2. Standard Equipment Furnished:

Bracket or mast arm construction will be furnished and attached to existing wooden poles and secondary voltage.

SCHEDULE "F" (Continued)

3. Other Than Standard Equipment:

Where the customer requests the installation of other than the standard equipment be furnished by the Authority, including underground, and such requested equipment is acceptable to the Authority, the Authority will install the requested equipment provided the customer agrees to make a contribution of the estimated difference in cost installed between such equipment and standard equipment.

Contributions made for this purpose will not be refunded. Where the customer requests fixtures to be installed on electroliers or other ornamental standards that are acceptable to the Authority, in lieu of making the contribution, the customer may elect to pay added facilities charge of 2% per month of the added investment required for such facilities. Facilities installed in connection with such agreements become and remain the sole property of the utility.

4. Replacement Cost:

Where the customer requests an existing street lighting fixture of electrolier be replaced with another type within 60 months from the date of the original installation of the equipment to be replaced, the customer shall make a contribution of the estimated cost of the new equipment installed plus the cost of the removal of the existing equipment.

Rules:

Service supplied under this rate shall be subject to the Service Rules of the Authority.

Riders:

Charges in addition to the above are applicable under certain conditions more specifically set forth and incorporated herein - viz.

Schedule A - Accommodation Service Charges

Schedule B - Service Establishment Charges

Schedule C - Late payment Charge

GUAM POWER AUTHORITY

SCHEDULE "A"

Accommodation Service Charges

A. Returned Checks:

Any check tendered in payment of an electric bill and returned by the bank for any non-payment reason shall be subject to a \$10.00 handling charge.

Customers will thereupon be subject to disconnection of service for non-payment of bills.

B. Reconnection for non-payment shall be as set forth in Schedule "B".

C. For each copy of an electric bill at customer's request, a service charge of \$1.00 will be made.

D. For each account analysis at customer's request, involving data on electric bills for a twelve month period, a service charge of \$6.00 per account shall be made.

GUAM POWER AUTHORITY

Rate Schedule "B"

Service Establishment Charge

Availability:

Applicable to all customers.

Rate:

For each establishment, supersedure, or re-establishment of electric service. \$10.00

Special Conditions:

1. The service establishment charge provided for herein is in addition to the charges calculated in accordance with the applicable schedule and will be made each time an account is opened, including a turn on or reconnection of electric service or a change of name which requires a meter reading.
2. In case the customer requests that electric service be turned on or reconnected outside of regular business hours (Monday through Friday until 6:00 p.m.), or within four hours after his request or on Saturday, Sunday or Holidays, an additional charge will be made as follows:

1. Residential Service

- | | |
|--------------------|---------|
| a. Watt-hour Meter | \$25.00 |
| b. Demand Meter | \$35.00 |

2. Small General Service

- | | |
|--------------------|---------|
| a. Watt-hour Meter | \$25.00 |
| b. Demand Meter | \$45.00 |

3. Large General Service \$50.00

GUAM POWER AUTHORITY

SCHEDULE "C"

Late Payment Charge

Availability:

Any Government of Guam customer account for electric service including department, branches, agencies, commissioners, authorities, offices, autonomous or semi-autonomous agencies or corporations whether billed separately, listed or grouped.

Rate:

A charge equivalent to 5% on the amounts past due and remaining unpaid on the last business day of the month.

Application:

A late payment charge assessed on past due bills (accounts not paid within fifteen days after presentation or date mailed).

The charge shall be levied on the amounts past due and remaining unpaid on the last calendar day of any month. Payments received by GPA after 5:00 p.m. on the last business day of the month shall be recorded as received on the first business day of the following month for the purposes of assessing the late payment charge.

The late payment charge will be assessed once a month and will be levied on unpaid electric service charges and unpaid late payment charges, if any.

The late payment charge is not apportioned as to the number of days from past due date to date paid if paid after 5:00 p.m. on the last business day of the month.

GPA will add the late payment charge to the department billing summary (not each separately computed bill per meter), if applicable, or the bill itself.

The first day for assessing the late payment charge shall be the last business day of the month in which this rule is approved by law; such charge shall be levied on past due bills unpaid on the last business day of such month and each month thereafter.

GUAM POWER AUTHORITY

SCHEDULE "Z"

Fuel Clause Adjustment

The calculation of each bill, pursuant to the rates and charges contained in the applicable rate schedule, shall be subject to an adjustment for variations in fuel cost. The adjustment will be made by multiplying a Unit Fuel Charge or Unit Fuel Credit times the total kilowatt hours for which the bill is rendered.

The Unit Fuel Cost will be calculated by the following formula:

$$\text{Unit Fuel Cost} = \frac{A \times B \times C}{D}$$

Where: A = Barrels consumed in IWPS
C = Current cost in dollars per barrel of fuel
B = $\frac{\text{GPA kWh from Pool}^*}{\text{Total Joint Use kWh}^*}$
D = GPA kWh sales

*Source: Power Pool settlement calculations.

The Unit Fuel Charge or Unit Fuel Credit will be determined by subtracting \$0.0695 per kWh from the Unit Fuel Cost.

The \$0.0695 is based on fuel cost of \$5.2545 per million Btu.

The Unit Fuel Charge or the Unit Fuel Credit will be recalculated any time the price per barrel for fuel is changed, and will thereafter be applied in the computation of customer bills. The increment in the New Unit Fuel Charge or (Unit Fuel Credit) over the previous Unit Fuel Charge will be applied to the consumption of kilowatt hours by the customer in a manner proportioned to the number of days during which the increase price is applicable. "Unit Fuel Charge or the Unit Fuel Credit" shall be reviewed at the end of each calendar month thereafter to ascertain that cost components are equitably applied in succeeding months. If the review indicates a Unit Fuel Charge or Unit Fuel Credit different from that being used, an appropriate correction will be made.

**ELECTRIC SERVICE SPECIFICATIONS FOR NAVY (DOD)
LOADS 13.8 KV AND UNDER ON GPA CIRCUITS**

<u>Point of Delivery and Address</u>	<u>Est. Max Demand</u>	<u>Ext. Annual Consumption</u>	<u>V/Wire/HZ/ Volts</u>	<u>Rate Schedule</u>
1. Guam International Airport, VASI and Localizer, P-240	10 KW	50,000 KWH	100,000 60 HZ	C
2. Naval Magazine Apra Hts Substation, P-222		9,955,200 KWH	13.8 KV 60 HZ	L
	3,500 KW			
3. Apra Hts Housing and CCPO Bldg. Apra Hts Substation, P-223		8,849,300 KWH	13.8KV 60 HZ	L

PART III - GENERAL PROVISIONS

FEDERAL ACQUISITION REGULATIONS (FAR)

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DEPARTMENT OF DEFENSE, FEDERAL ACQUISITION REGULATION, SUPPLEMENT
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1. FAR 52.202-1, DEFINITIONS (APR 1984) ALTERNATE I (APR 1984)

(a) "Head of the agency" (also called "agency head") or "Secretary means the Secretary (or Attorney General, Administrator, Governor, Chairperson, or other chief official, as appropriate) of the agency, including any deputy or assistant chief official of the agency, and, in the Department of Defense, the Under Secretary and any Assistant Secretary of the Departments of the Army, Navy, and Air Force and the Director and Deputy Director of Defense agencies; and the term "authorized representative" means any person, persons, or board (other than the Contracting Officer) authorized to act for the head of the agency or Secretary.

(b) "Contracting Officer" means a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. The term includes certain authorized representatives of the Contracting Officer acting within the limits of their authority as delegated by the Contracting Officer.

(c) Except as otherwise provided in this contract, the term "subcontracts" includes, but is not limited to, purchase orders and changes and modifications to purchase orders under this contract.

Alternate I (April 1984). If the contract is for personal services; construction; architect-engineer services; or dismantling, demolition, or removal of improvements, delete paragraph (c) of the basic clause.

2. FAR 52.203-1, OFFICIALS NOT TO BENEFIT (APR 1984)

No member of or delegate to Congress, or resident commissioner, shall be admitted to any share or part of this contract, or to any benefit arising from it. However, this clause does not apply to this contract to the extent that this contract is made with a corporation for the corporation's general benefit.

3. FAR 52.203-3, GRATUITIES (APR 1984)

(a) The right of the Contractor to proceed may be terminated by written notice if, after notice and hearing, the agency head or a designee determines that the Contractor, its agent, or another representative--

(1) Offered or gave a gratuity (e.g., an entertainment or gift) to an officer, official, or employee of the Government; and

(2) Intended, by the gratuity, to obtain a contract or favorable treatment under a contract.

(b) The facts supporting this determination may be reviewed by any court having lawful jurisdiction.



(c) If this contract is terminated under paragraph (a) above, the Government is entitled--

(1) To pursue the same remedies as in a breach of the contract;
and

(2) In addition to any other damages provided by law, to exemplary damages of not less than 3 nor more than 10 times the cost incurred by the contractor in giving gratuities to the person concerned, as determined by the agency head or a designee. (This subparagraph (2)(2) is applicable only if this contract was money appropriated to the Department of Defense.)

(d) The rights and remedies of the Government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

4. FAR 52.203-5, COVENANT AGAINST CONTINGENT FEES (APR 1984)

(a) The Contractor warrants that no person or agency has been employed or retained to solicit or obtain this contract upon an agreement or understanding for a contingent fee, except a bona fide employee or agency. For breach or violation of this warranty, the Government shall have the right to annul this contract without liability or, in its discretion, to deduct from the contract price or consideration, or otherwise recover, the full amount of the contingent fee.

(b) "Bona fide agency", as used in this clause, means an established commercial or selling agency, maintained by a Contractor for the purpose of securing business, that neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds itself out as being able to obtain any Government contract or contracts through improper influence.

"Bona fide employee", as used in this clause, means a person, employed by the Contractor and subject to the Contractor's supervision and control as to time, place, and manner of performance, who neither exerts nor proposes to exert improper influence to solicit or obtain Government contracts nor holds out as being able to obtain any Government contract or contracts through improper influence.

"Contingent fee", as used in this clause, means any commission, percentage, brokerage, or other fee that is contingent upon the success that a person or concern has in securing a Government contract.

"Improper influence", as used in this clause, means any influence that induces or tends to induce a Government employee or officer to give consideration or to act regarding a Government contract on any basis other than the merits of the matter.

5. FAR 52.204-1, APPROVAL OF CONTRACT

This contract is subject to the written approval of the agency official designated in the Schedule and shall not be binding until so approved.

6. FAR 52.208-3, CONFLICTS (APR 1984)

To the extent of any inconsistency between the terms of this contract and any schedule, rider, or exhibit incorporated in this contract by reference or otherwise, or any of the Contractor's rules and regulations, the terms of this contract shall control.

7. FAR 52.215-1, EXAMINATION OF RECORDS BY COMPTROLLER GENERAL (APR 1984)

(a) This clause applies if this contract exceeds \$10,000 and was entered into by negotiation.

(b) The Comptroller General of the United States or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under this contract or for any shorter period specified in Federal Acquisition Regulation (FAR) Subpart 4.7, Contractor Records Retention, have access to and the right to examine any of the Contractor's directly pertinent books, documents, papers, or other records involving transactions related to this contract.

(c) The Contractor agrees to include in first-tier subcontracts under this contract a clause to the effect that the Comptroller General or a duly authorized representative from the General Accounting Office shall, until 3 years after final payment under the subcontract or for any shorter period specified in FAR Subpart 4.7, have access to and the right to examine any of the subcontractor's directly pertinent books, documents, papers, or other records involving transactions related to the subcontract. "Subcontract," as used in this clause, excludes (1) purchase orders not exceeding \$10,000 and (2) subcontracts or purchase orders for public utility services at rates established to apply uniformly to the public, plus any applicable reasonable connection charge.

(d) The periods of access and examination in paragraphs (b) and (c) above for records relating to (1) appeals under the Disputes clause, (2) litigation or settlement of claims arising from the performance of this contract, or (3) costs and expenses of this contract to which the Comptroller General or a duly authorized representative from the General Accounting Office has taken exception shall continue until such appeals, litigation, claims, or exceptions are disposed of.

8. FAR 52.222-3, CONVICT LABOR (APR 1984)

The Contractor agrees not to employ any person undergoing sentence of imprisonment in performing this contract except as provided by 18 U.S.C. 40482(c)(2) and Executive Order 11755, December 29, 1973.



9. FAR 52.222-4, CONTRACT WORK HOURS AND SAFETY STANDARDS ACT -- OVERTIME
COMPENSATION (MAR 1986)

(a) Overtime requirements. No Contractor or subcontractor contracting for any part of the contract work which may require or involve the employment of laborers or mechanics (see Federal Acquisition Regulation (FAR) 22.300) shall require or permit any such laborers or mechanics in any work week in which the individual is employed on such work to work in excess of 40 hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than 1-1/2 times the basic rate of pay for all hours worked in excess of 40 hours in such workweek.

(b) Violation, liability for unpaid wages; liquidated damages. In the event of any violation of the provisions set forth in paragraph (a) of this clause, the Contractor and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, such Contractor and subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions set forth in paragraph (a) of this clause in the sum of \$10 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of 40 hours without payment of the overtime wages required by provisions set forth in paragraph (a) of this clause.

(c) Withholding for unpaid wages and liquidated damages. The Contracting Officer shall upon his or her own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by the Contractor or subcontractor under any such contract or any other Federal contract with the same Prime Contractor, or any other Federally-assisted contract subject to the Contract Work Hours and Safety Standards Act which is held by the same Prime Contractor, such sums as may be determined to be necessary to satisfy any liabilities of such Contractor or subcontractor for unpaid wages and liquidated damages as provided in the provisions set forth in paragraph (b) of this clause.

(d) Payrolls and basic records.

(1) The Contractor or subcontractor shall maintain payrolls and basic payroll records during the course of contract work and shall preserve them for a period of 3 years from the completion of the contract for all laborers and mechanics working on the contract. Such records shall contain the name and address of each such employee, social security number, correct classifications, hourly rates of wages paid, daily and weekly number of hours worked, deductions made, and actual wages paid. Nothing in this paragraph shall require the duplication of records required to be maintained for construction work by Department of Labor regulations at 29 CFR 5.5(a)(3) implementing the Davis-Bacon Act.

(2) The records to be maintained under paragraph (d)(1) of this clause shall be made available by the Contractor or subcontractor for inspection, copying, or transcription by authorized representatives of the Contracting Officer or the Department of Labor. The Contractor or subcontractor shall permit such representatives to interview employees during working hours on the job.

(e) Subcontracts. The Contractor or subcontractor shall insert in any subcontracts the provisions set forth in paragraphs (a) through (d) of this clause and also a clause requiring the subcontractors to include these provisions in any lower tier subcontracts. The Prime Contractor shall be responsible for compliance by any subcontractor or lower tier subcontractor with the provisions set forth in paragraphs (a) through (d) of this clause.

10. FAR 52.222-26, EQUAL OPPORTUNITY (APR 1984)

(a) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with subparagraphs (b)(1) through (11) below. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.

(b) During performing this contract, the Contractor agrees as follows:

(1) The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin.

(2) The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to, (i) employment, (ii) upgrading, (iii) demotion, (iv) transfer, (v) recruitment or recruitment advertising, (vi) layoff or termination, (vii) rates of pay or other forms of compensation, and (viii) selection for training, including apprenticeship.

(3) The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.

(4) The Contractor shall, in all solicitations or advertisement for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(5) The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the

Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.

(6) The Contractor shall comply with Executive Order 11246, as amended, and the rules, regulations, and orders of the Secretary of Labor.

(7) The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. Standard Form 100 (220-1), or any successor form, is the prescribed form to be filed within 30 days following the award, unless filed within 12 months preceding the date of award.

(8) The Contractor shall permit access to its books, records, and accounts by the contracting agency or the Office of Federal Contract Compliance Programs (OFCCP) for the purposes of investigation to ascertain the Contractor's compliance with the applicable rules, regulations, and orders.

(9) If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended, the rules, regulations, and orders of the Secretary of Labor, or as otherwise provided by law.

(10) The Contractor shall include the terms and conditions of subparagraph (b)(1) through (11) of this clause in every subcontract or purchase order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.

(11) The Contractor shall take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance; provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.

(c) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

11. FAR 52.222-35, AFFIRMATIVE ACTION FOR SPECIAL DISABLED AND VIETNAM ERA VETERANS (APR 1984)

(a) Definitions.

"Appropriate office of the State employment service system," as used in this clause, means the local office of the Federal-State national system of public employment offices assigned to serve the area where the employment opening is to be filled, including the District of Columbia, Guam, Puerto Rico, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

"Openings that the Contractor proposes to fill from within its own organization," as used in this clause, means employment openings for which no one outside the Contractor's organization (including any affiliates, subsidiaries, and the parent companies) will be considered and includes any openings that the Contractor proposes to fill from regularly established "recall" lists.

"Openings that the Contractor proposes to fill under a customary and traditional employer-union hiring arrangement," as used in this clause, means employment openings that the Contractor proposes to fill from union halls, under their customary and traditional employer-union hiring relationship.

"Suitable employment openings," as used in this clause--

(1) Includes, but is not limited to, openings that occur in jobs categorized as--

(i) Production and nonproduction;

(ii) Plant and office;

(iii) Laborers and mechanics;

(iv) Supervisory and nonsupervisory;

(v) Technical; and

(vi) Executive, administrative, and professional positions compensated on a salary basis of less than \$25,000 a year; and

(2) Includes full-time employment, temporary employment of over 3 days, and part-time employment, but not openings that the Contractor proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement, nor openings in an educational institution that are restricted to students of that institution.



(b) General.

(1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against the individual because the individual is a special disabled or Vietnam Era veteran. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified special disabled and Vietnam Era veterans without discrimination based upon their disability or veterans' status in all employment practices such as--

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Vietnam Era Veterans' Readjustment Assistance Act of 1972 (the Act), as amended.

(c) Listing openings.

(1) The Contractor agrees to list all suitable employment openings existing at contract award or occurring during contract performance, at an appropriate office the State employment service system in the locality where the opening occurs. These openings include those occurring at any Contractor facility, including one not connected with performing this contract. An independent corporate affiliate is exempt from this requirement.

(2) State and local government agencies holding Federal contracts of \$10,000 or more shall also list all their suitable openings with the appropriate office of the State employment service.

(3) The listing of suitable employment openings with the State employment service system is required at least concurrently with using any other recruitment source or effort and involves the obligations of placing a bona fide job order, including accepting referrals of veterans and nonveterans. This listing does not require hiring any particular job applicant or hiring from any particular group of job applicants and is not intended to relieve the Contractor from any requirements of Executive orders of regulations concerning nondiscrimination in employment.



(4) Whenever the Contractor becomes contractually bound to the listing terms of this clause, it shall advise the State employment service system, in each State where it has establishments, of the name and location of each hiring location in the State. As long as the Contractor is contractually bound to these terms and has so advised the State system, it need not advise the State system of subsequent contracts. The Contractor may advise the State system when it is no longer bound by this contract clause.

(5) Under the most compelling circumstances, an employment opening may not be suitable for listing, including situations when (i) the Government's needs cannot reasonably be supplied, (ii) listing would be contrary to national security, or (iii) the requirement of listing would not be in the Government's interest.

(d) Applicability.

(1) This clause does not apply to the listing of employment openings which occur and are filled outside the 50 states, the District of Columbia, Puerto Rico, Guam, Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands.

(2) The terms of paragraph (c) above of this clause do not apply to openings that the Contractor proposes to fill from within its own organization or under a customary and traditional employer-union hiring arrangement. This exclusion does not apply to a particular opening once an employer decides to consider applicants outside of its own organization or employer-union arrangement for that opening.

(e) Postings.

(1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified special disabled veterans and veterans of the Vietnam era, and (ii) the rights of applicants and employees.

(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of the Act, and is committed to take affirmative action to employ, and advance in employment, qualified special disabled and Vietnam Era veterans.

(f) Noncompliance.

If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(g) Subcontracts.

The Contractor shall include the terms of this clause in every subcontract or purchase order of \$10,000 or more unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Director to enforce the terms, including action for noncompliance.

12. FAR 52.222-36, AFFIRMATIVE ACTION FOR HANDICAPPED WORKERS (APR 1984)

(a) General.

(1) Regarding any position for which the employee or applicant for employment is qualified, the Contractor shall not discriminate against any employee or applicant because of physical or mental handicap. The Contractor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified handicapped individuals without discrimination based upon their physical or mental handicap in all employment practices such as-

- (i) Employment;
- (ii) Upgrading;
- (iii) Demotion or transfer;
- (iv) Recruitment;
- (v) Advertising;
- (vi) Layoff or termination;
- (vii) Rates of pay or other forms of compensation; and
- (viii) Selection for training, including apprenticeship.

(2) The Contractor agrees to comply with the rules, regulations, and relevant orders of the Secretary of Labor (Secretary) issued under the Rehabilitation Act of 1973 (29 U.S.C. 793) (the Act), as amended.

(b) Postings.

(1) The Contractor agrees to post employment notices stating (i) the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified handicapped individuals and (ii) the rights of applicants and employees.



(2) These notices shall be posted in conspicuous places that are available to employees and applicants for employment. They shall be in a form prescribed by the Director, Office of Federal Contract Compliance Programs, Department of Labor (Director), and provided by or through the Contracting Officer.

(3) The Contractor shall notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contractor is bound by the terms of Section 503 of the Act and is committed to take affirmative action to employ, and advance in employment, qualified physically and mentally handicapped individuals.

(c) Noncompliance.

If the Contractor does not comply with the requirements of this clause, appropriate actions may be taken under the rules, regulations, and relevant orders of the Secretary issued pursuant to the Act.

(d) Subcontracts.

The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of \$2,500 unless exempted by rules, regulations, or orders of the Secretary. The Contractor shall act as specified by the Director to enforce the terms, including action for noncompliance.

13. FAR 52.223-5, CERTIFICATION REGARDING A DRUG-FREE WORKPLACE (MAR 1989)

(a) Definitions. As used in this provision.

"Controlled substance" means a controlled substance in schedules I through V of section 202 of the Controlled Substances Act (21 U.S.C. 812) and as further defined in regulation at 21 CFR 1308.11 - 1308.15.

"Conviction" means a finding of guilt (including a plea of nolo contendere) or imposition of sentence, or both, by any judicial body charged with the responsibility to determine violations of the Federal or State criminal drug statutes.

"Criminal drug statute" means a Federal or non-Federal criminal statute involving the manufacture, distribution, dispensing, possession or use of any controlled substance.

"Drug-free workplace" means a site for the performance of work done in connection with a specific contract at which employees of the Contractor are prohibited from engaging in the unlawful manufacture, distribution, dispensing, possession, or use of controlled substance.

"Employee" means an employee of a Contractor directly engaged in the performance of work under a Government contract.



"Individual" means an offeror/contractor that has no more than one employee including the offeror/contractor.

(b) By submission of its offer, the offeror, if other than an individual, who is making an offer that equals or exceeds certifies and agrees, that with respect to all employees of the offeror to be employed under a contract resulting from this solicitation, it will--

(1) Publish a statement notifying such employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;

(2) Establish a drug-free awareness program to inform such employees about--

(i) The dangers of drug abuse in the workplace;

(ii) The Contractor's policy of maintaining a drug-free workplace;

(iii) Any available drug counseling, rehabilitation, and employee assistance programs; and

(iv) The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;

(3) Provide all employees engaged in performance of the contract with a copy of the statement required by subparagraph (b)(1) of this provision;

(4) Notify such employees in the statement required by subparagraph (b)(1) of this provision, that as a condition of continued employment on the contract resulting from this solicitation, the employee will--

(i) Abide by the terms of the statement; and

(ii) Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;

(5) Notify the contracting officer within ten (10) days after receiving notice under subdivision (b)(4)(ii) of this provision, from an employee or otherwise receiving actual notice of such conviction; and

(6) Within 30 days after receiving notice under subdivision (b)(4)(ii) of this provision of a conviction, impose the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace.

(i) Take appropriate personnel action against such employee, up to and including termination; or

(ii) Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency.

(7) Make a good faith effort to maintain a drug-free workplace through implementation of subparagraphs (b)(i) through (b)(c) of this provision.

(c) By submission of this offer, the offeror, if an individual who is making an offer of any dollar value certifies and agrees that the offeror will not engage in the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance in the performance of the contract resulting from this solicitation.

(d) Failure of the offeror to provide the certification required by paragraphs (b) or (c) of this provision, renders the offeror unqualified and ineligible for award. (See FAR 9.104-1(g)) and 19.602-1(a)(2)(i).)

(e) In addition to other remedies available to the Government, the certification in paragraphs (b) and (c) of this provision concerns a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Title 18, United States Code, Section 1001.

14. FAR 52.228-5, INSURANCE-WORK ON A GOVERNMENT INSTALLATION (APR 1984)

(a) The Contractor shall, at its own expense, provide and maintain during the entire performance period of this contract at least the kinds and minimum amounts of insurance required in the Schedule or elsewhere in the contract.

(b) Before commencing work under this contract, the Contractor shall certify to the Contracting Officer in writing that the required insurance has been obtained. The policies evidencing required insurance shall contain an endorsement to the effect that any cancellation or any material change adversely affecting the Government's interest shall not be effective (1) for such period as the laws of the State in which this contract is to be performed prescribe or (2) until 30 days after the insurer or the Contractor gives written notice to the Contracting Officer, whichever period is longer.

(c) The Contractor shall insert the substance of this clause, including this paragraph (c), in subcontracts under this contract that require work on a Government installation and shall require subcontractors to provide and maintain the insurance required in the Schedule or elsewhere in the contract. At least 5 days before entry of each such subcontractor's personnel on the Government installation, the Contractor shall furnish (or ensure that



there has been furnished) to the Contracting Officer a current certificate of insurance, meeting the requirements of paragraph (b) above, for each such subcontractor.

15. FAR 52.232-23, ASSIGNMENT OF CLAIMS (APR 1984)

(a) The Contractor, under the Assignment of Claims Act, as amended, 31 U.S.C. 203, 41 U.S.C. 15 (hereafter referred to as "the Act"), may assign the right to be paid amounts due or to become due as a result of the performance of this contract to a bank, trust company, or other financing institution, including any Federal lending agency. The assignee under such an assignment to any type of financing institution described in the preceding sentence.

(b) Any assignment or reassignment authorized under the Act and this clause shall cover all unpaid amounts payable under this contract, and shall not be made to more than one party, except that an assignment or reassignment may be made to one party as agent or trustee for two or more parties participating in the financing of this contract.

(c) The Contractor shall not furnish or disclose to any assignee under this contract any classified document (including this contract) or information related to work under this contract until the Contracting Officer authorizes such action in writing.

16. FAR 52.232-25, PROMPT PAYMENT (FEB 1988)

Notwithstanding any other payment clause in this contract, the Government will make invoice payments and contract financing payments under the terms and conditions specified in this clause. Payment shall be considered as being made on the day a check is dated or an electronic funds transfer is made. Definitions of pertinent terms are set forth in 32.902. All days referred to in this clause are calendar days, unless otherwise specified.

(a) Invoice Payments.

(1) For purposes of this clause, "invoice payment" means a Government disbursement of monies to a Contractor under a contract or other authorization for supplies or services accepted by the Government. This includes payments for partial deliveries that have been accepted by the Government and final cost or fee payments where amounts owed have been settled between the Government and the Contractor.

(2) Except as indicated in subparagraph (a)(3) of this clause, the due date for making invoice payments by the designated payment office shall be the later of the following two events:

(i) The 30th day after the designated billing office has received a proper invoice from the Contractor.



(ii) The 30th day after Government acceptance of supplies delivered or services performed by the Contractor. On a final invoice where the payment amount is subject to contract settlement actions, acceptance shall be deemed to have occurred on the effective date of the contract settlement.

(3) The due date on contracts for meat and meat food products, contracts for perishable agricultural commodities, and contracts not requiring submission of an invoice shall be as follows:

(i) The due date for meat and food products, as defined in Section 2(a)(3) of the Packers and Stockyard Act of 1921 (7 U.S.C. 182(3)) and further defined in Pub. L. 88-181 to include poultry, poultry products, eggs, and egg products, will be as close as possible to, but not later than, the 7th day after product delivery.

(ii) The due date for perishable agricultural commodities, as defined in Section 1(4) of the Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499a(44)), will be as close as possible to, but not later than, the 10th day after product delivery, unless another date is specified in the contract.

(iii) If the contract does not require submission of an invoice for payment (e.g., periodic lease payments), the due date will be as specified in the contract.

(4) An invoice is the Contractor's bill or written request for payment under the contract for supplies delivered or services performed. An invoice shall be prepared and submitted to the designated billing office specified in the contract. A proper invoice must include the items listed in subdivisions (a)(4)(i) through (a)(4)(viii) of this clause. If the invoice does not comply with these requirements, then the Contractor will be notified of the defect within 15 days after receipt of the invoice at the designated billing office (3 days for meat and meat food products and 5 days for perishable agricultural commodities). Untimely notification will be taken into account in the computation of any interest penalty owed the Contractor in the manner described in subparagraph (1)(6) of this clause.

(i) Name and address of the Contractor.

(ii) Invoice date.

(iii) Contract number or other authorization for supplies delivered or services performed (including order number and contract line item number).

(iv) Description, quantity, unit of measure, unit price, and extended price of supplies delivered or services performed.

(v) Shipping and payment terms (e.g., shipment number and date of shipment, prompt payment discount terms). Bill of lading number and weight of shipment will be shown for shipments on Government bills of lading.



(vi) Name and address of Contractor official to whom payment is to be sent (must be the same as that in the contract or in a proper notice of assignment).

(vii) Name (where practicable), title, phone number and mailing address of person to be notified in event of a defective invoice.

(viii) Any other information or documentation required by other requirements of the contract (such as evidence of shipment).

(5) An interest penalty shall be paid automatically by the Government, without request from the Contractor, if payment is not made within 15 days after the due date (3 days for meat and meat food products and 5 days for perishable agricultural commodities) and the following conditions are met, if applicable:

(i) A proper invoice was received by the designated billing office.

(ii) A receiving report or other Government documentation authorizing payment was processed and there was no disagreement over quantity, quality, or contractor compliance with any contract term or condition.

(iii) In the case of a final invoice for any balance of funds due the Contractor for supplies delivered or services performed, the amount was not subject to further contract settlement actions between the Government and the Contractor.

(6) The interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41.U.S.C. 611) that is in effect on the payment date, except where the interest penalty is prescribed by other governmental authority. This rate is referred to as the "Renegotiation Board Interest Rate," and it is published in the Federal Register semiannually on or about January 1 and July 1. The interest penalty shall accrue daily on the invoice payment amount approved by the Government and be compounded in 30-day increments inclusive from the first day after the due date through the payment date. That is, interest accrued at the end of any 30-day period will be added to the approved invoice payment amount and be subject to interest penalties if not paid in the succeeding 30-day period. If the designated billing office failed to notify the contractor of a defective invoice within the periods prescribed in paragraph (a)(4) of this clause, then the due date on the corrected invoice will be adjusted by subtracting the number of days taken beyond the prescribed notification of defects period. Any interest penalty owed the Contractor will be based on this adjusted due date. Adjustments will be made by the designated payment office for errors in calculating interest penalties, if requested by the Contractor.

(i) For the sole purpose of computing an interest penalty that might be due the Contractor, Government acceptance shall be deemed to have occurred constructively on the 5th working day after the Contractor delivered the supplies or performed the services in accordance with the terms

and conditions of the contract, unless there is a disagreement over quantity, quality, or contractor compliance with a contract provision. In the event that actual acceptance occurs within the constructive acceptance period, the determination of an interest penalty shall be based on the actual date of acceptance. The constructive acceptance requirement does not, however, compel Government officials to accept supplies or services, perform contract administration functions, or make payment prior to fulfilling their responsibilities.

(ii) The following periods of time will not be included in the determination of an interest penalty:

(A) The period taken to notify the Contractor of defects invoices submitted to the Government, but this may not exceed 15 days (3 days for meat and meat food products and 5 days for perishable agricultural commodities).

(B) The period between the defects notice and resubmission of the corrected invoice by the Contractor.

(iii) Interest penalties will not continue to accrue after the filing of a claim for such penalties under the Disputes clause or for more than 1 year. Interest penalties of less than \$1.00 need not be paid.

(iv) Interest penalties are not required on payment delays due to disagreement between the Government and Contractor over the payment amount or other issues involving contract compliance or on amounts temporarily withheld or retained in accordance with the terms of the contract. Claims involving disputes, and any interest that may be payable, will be resolved in accordance with the Disputes clause.

(7) An interest penalty shall also be paid automatically by the designated payment office, without request from the contractor, if an improperly taken discount for prompt payment was not corrected with 15 days after the expiration of the discount period (3 days for meat and meat food products and 5 days for perishable agricultural commodities). The interest penalty will be calculated as described in paragraph (a)(6) of this clause on the amount of discount taken for the period beginning with the first day after the end of the discount period through the date when the contractor is paid.

(b) Contract Financing Payments.

(1) For purposes of this clause, "contract financing payment" means a Government disbursement of monies to a Contractor unless a contract clause or other authorization prior to acceptance of supplies or services by the Government. Contract financing payments include advance payments, progress payments based on cost under the clause at 52.232-16, Progress Payments, progress payments based on a percentage or stage of completion (32.102(e)(1)) other than those made under the clause at 52.232-5, Payments Under Fixed-Price Construction Contracts, or the clause at 52.232-10, Payments Under Fixed-Price Architect-Engineer Contracts, and interim payments on cost type contracts.

(2) For contracts that provide for contract financing, requests for payment shall be submitted to the designated billing office as specified in this contract or as directed by the Contracting Officer. Contract financing payments shall be made on the (insert day as prescribed by Agency head; if not prescribed, insert 30th day) day after receipt of a proper contract financing request by the designated billing office. In the event that an audit or other review of a specific financing request is required to ensure compliance with the terms and conditions of the contract, the designated payment office is not compelled to make payment by the due date specified.

(3) For advance payments, loans, or other arrangements that do not involve recurrent submissions of contract financing requests, payment shall be made in accordance with the corresponding contract terms or as directed by the Contracting Officer.

(4) Contract financing payments shall not be assessed an interest penalty for payment delays.

17. FAR 52.233-1, DISPUTES (APR 1984) (ALTERNATE I) (APR 1984)

(a) This contract is subject to the Contract Disputes Act of 1978 (41 U.S.C. 601-613) (the Act).

(b) Except as provided in the Act, all disputes arising under or relating to his contract shall be resolved under this clause.

(c) "Claim," as used in this clause, means a written demand or written assertion by one of the contracting parties seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of contract terms, or other relief arising under or relating to this contract. A claim arising under a contract, unlike a claim relating to that contract, is a claim that can be resolved under a contract clause that provides for the relief sought by the claimant. However, a written demand or written assertion by the Contractor seeking the payment of money exceeding \$50,000 is not a claim under the Act until certified as required by subparagraph (d)(2) below. A voucher, invoice, or other routine request for payment that is not in dispute when submitted is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

(d) (1) A claim by the Contractor shall be made in writing and submitted to the Contracting Officer for a written decision. A claim by the Government against the Contractor shall be subject to a written decision by the Contracting Officer.

(2) For Contractor claims exceeding \$50,000, the Contractor shall submit with the claim a certification that--



- (i) The claim is made in good faith;
- (ii) Supporting data are accurate and complete to the best of the Contractor's knowledge and belief; and
- (iii) The amount requested accurately reflects the contract adjustment for which the Contractor believes the Government is liable.

(3) (i) If the Contractor is an individual, the certification shall be executed by that individual.

(ii) If the Contractor is not an individual, the certification shall be executed by

(A) A senior company official in charge at the Contractor's plant or location involved; or

(B) An officer or general partner of the Contractor having overall responsibility for the conduct of the Contractor's affairs.

(e) For Contractor claims of \$50,000 or less, the Contracting Officer must, if requested in writing by the Contractor, render a decision within 60 days of the request. For Contractor-certified claims over \$50,000, the Contracting Officer must, within 60 days, decide the claim or notify the Contractor of the date by which the decision will be made.

(f) The Contracting Officer's decision shall be final unless the Contractor appeals or files a suit as provided in the Act.

(g) The Government shall pay interest on the amount found due and unpaid from (1) the date the Contracting Officer receives the claim (properly certified if required), or (2) the date payment otherwise would be due, if that date is later, until the date of payment. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury as provided in the Act, which is applicable to the period during which the Contracting Officer receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

(h) The Contractor shall proceed diligently with performance of this contract, pending final resolution of any request for relief, claim, appeal, or action arising under or relating to the contract, and comply with any decision of the Contracting Officer.

(i) The provisions of (a)-(h) above shall not apply to disputes which are subject to the jurisdiction of a Federal, State, or other appropriate regulatory body. The provisions of (a)-(h) above shall also be subject to the requirements of the law with respect to the rendering of utility services and the collection of regulated rates.



18. FAR 52.237-2, PROTECTION OF GOVERNMENT BUILDINGS, EQUIPMENT, AND VEGETATION, (APR 1984)

The Contractor shall use reasonable care to avoid damaging existing buildings, equipment, and vegetation on the Government installation. If the Contractor's failure to use reasonable care causes damage to any of this property, the Contractor shall replace or repair the damage at no expense to the Government as the Contracting Officer directs. If the Contractor fails or refuses to make such repair or replacement, the Contractor shall be liable for the cost, which may be deducted from the contract price.

19. DFARS 252.225-7001, BUY AMERICAN ACT AND THE BALANCE OF PAYMENTS PROGRAM (APR 1985)

This clause is applicable to Navy required capital improvements to be performed on Navy facilities by GPA.

(a) This clause implements the Buy American Act (41 U.S.C. Section 10a-d) and the Department of Defense Balance of Payments Program by providing a preference to domestic end products over foreign end products, except for certain foreign end products which meet the requirements for classification as qualifying country end products. For the purpose of this clause--

(i) "Components" means those articles, materials, and supplies directly incorporated into end products.

(ii) "Qualifying country component" means (A) an item mined, produced, or manufactured in a participating country or in an FMS/Offset arrangement country when the applicable D&F has been made waiving the Buy American Act restriction; or (B) any item listed in a defense cooperation country agreement.

(iii) "End products" means those articles, materials, and supplies to be acquired for public use under the contract. As to a given contract, the end products are the items to be delivered to the Government, as specified in the contract, including supplies to be acquired by the Government for public use in connection with service contracts but excluding installation and other services to be performed after delivery.

(iv) "Domestic end product" means (A) an unmanufactured end product which has been mined or produced in the United States, or (B) an end product manufactured in the United States if the cost of its qualifying country components and its components which are mined, produced, or manufactured in the United States exceeds fifty percent (50%) of the cost of all its components. The cost of components shall include transportation costs to the place of incorporation into the end product and U.S. duty (whether or not a duty-free entry certificate may be issued). A component shall also be considered to have been mined, produced, or manufactured in the United States (regardless of its source in fact) if the end product in which it is incorporated is manufactured in the United States and the component is of a class or kind (A) determined by the Government to be not mined, produced, or manufactured in the United States in sufficient and reasonably available

commercial quantities and of a satisfactory quality, or (B) as to which the Secretary concerned has determined that it would be inconsistent with the public interest to apply the restriction of the Buy American Act.

(v) "Foreign end product" means an end product other than a domestic end product.

(vi) "Qualifying country end product" means (A) a participating country end product; (B) an FMS/Offset arrangement country end product when the applicable Determination and Findings has been made waiving the Buy American Act restrictions; or (C) a defense cooperation country agreement listed item.

(vii) "Participating country end product" means (A) an unmanufactured end product mined or produced in a participating country, or (B) an end product manufactured in a participating country if the cost of its qualifying country components and its components mined, produced, or manufactured in the United States exceeds fifty percent (50%) of the cost of all its components. The cost of components shall include transportation costs to the place of incorporation into the end product and any duty whether or not duty is, in fact, paid.

(viii) "FMS/Offset arrangement country end product" means (A) an unmanufactured end product mined or produced in an FMS/Offset arrangement country, or an end product manufactured in an FMS/Offset arrangement country if the cost of its qualifying country components and its components which are mined, produced, or manufactured in the United States exceeds fifty percent (50%) of the cost of all its components. The cost of components shall include transportation costs to the place of incorporation into the end product and any duty whether or not duty is, in fact, paid. To obtain the waivers necessary to accord preferential treatment for an FMS/Offset arrangement country end product, see the procedures at DoD FAR Supplement 25.7310(c)(2)(i).

(ix) "Defense cooperation country end product" means an item listed in the defense cooperation country agreement and produced in that country.

(b) The Contractor agrees that there will be delivered under this contract only domestic end products unless, in its offer, it specified delivery of foreign end products in the clause entitled "Buy American Act and Balance of Payments Program Certificate." An offer certifying that a qualifying country end product will be supplied requires the Contractor to supply a qualifying country end product or, at the Contractor's option, a domestic end product. An offer based on supplying a nonqualifying country end product, if accepted, will permit the Contractor to supply a product without regard to the requirements of this clause.

(c) Offers will be evaluated in accordance with the policies and procedures of FAR Part 25 and DoD FAR Supplement Part 25.

(d) Generally, when the Buy American Act is applicable, each nonqualifying country offer of defense equipment shall be adjusted for the purpose of evaluation by: (i) adding 50% of the offer, exclusive of duty; (ii) adding 6% of the offer, inclusive of duty, if a domestic offer is from a

large business that is not a labor surplus area concern; or (iii) adding 12% of the offer, inclusive of duty, if the domestic offer is from a small business concern or any labor surplus area concern. Evaluation will be inclusive or exclusive of duty whichever results in the greater evaluated price. See DoD FAR Supplement 25.1 for procedures and exceptions.

(e) Generally, when the Balance of Payments Program applies, each nonqualifying country offer of defense equipment shall be adjusted for the purpose of evaluation by increasing the offer by 50%. See DoD FAR Supplement 25.3 for procedures and exceptions.

EXHIBIT "E"

**PUBLIC UTILITIES COMMISSION
OF THE TERRITORY OF GUAM**

Terrence M. Brooks, Chairman
Raymond K.S. Lum, Vice-Chairman
Vicente D. Gumataog, Member
Mary Louise Anderson, Member
Kathleen M. Paraz, Member
Kaleo S. Moylan, Member

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FAX: (671) 477-0763/2511

Harry M. Boertzel, Esq.
Administrative Law Judge

Joseph A. Celvo, Esq.
Assistant Administrative
Law Judge

March 3, 1995

VIA FACSIMILE TRANSMISSION ONLY
477-5795

Speaker Don Parkinson
23RD GUAM LEGISLATURE
163 Chalan Santo Papa Street
Agana, Guam 96910

Dear Speaker Parkinson:

Date Rec'd	3-7-95 8:00am
Received by	<i>[Signature]</i>
Exec Ass't	
SPEAKMR	
Chrono Filed by	
Orig. Filed at	
Copy Filed at	
Other Action	<i>Phillip -</i>

Transmitted herewith is the Commission's March 1, 1995 order approving Amendment II to the Navy-GPA Customer Service Agreement, as amended.

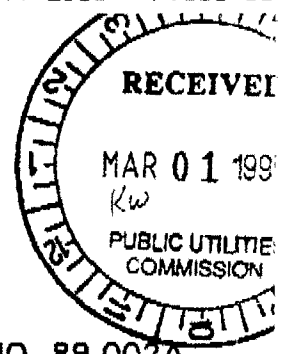
Cordially,

[Signature]
Harry M. Boertzel

HMB/kw
D#SP.03M
DIR:HMBLTRS

Enclosure:
1 PUC order

CC: PUC Commissioners



**BEFORE THE PUBLIC UTILITIES COMMISSION
FOR THE TERRITORY OF GUAM**

MATTERS PERTAINING TO THE)
CUSTOMER SERVICE AGREEMENT)
BETWEEN GUAM POWER AUTHORITY)
AND U. S. NAVY)

DOCKET NO. 89-002A

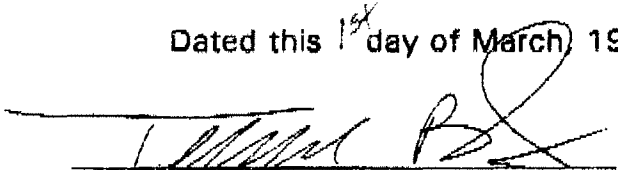
ORDER

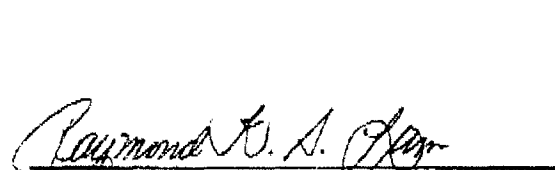
The Commission, having reviewed the January 16, 1995 application of Guam Power Authority [GPA] for approval of Amendment No. II to the GPA-Navy Customer Service Agreement [CSA], as amended, and having considered the advice of our staff and counsel and for good cause shown, hereby **ORDERS THAT:**

CSA Amendment II, in form as attached hereto, and with such additional non-substantive amendments as may be approved by the Commission's administrative law judge, is hereby approved, subject to the condition that the written agreements mentioned in amended sections 3.2 and 3.8 shall not become final until approved by the Commission.

The Commission makes the observation that GPA should anticipate about a 90 day process for the Commission's review and consideration of the transition plan, which by the terms of CSA Amendment I, is a condition precedent to the termination of the interim period and is subject to Commission approval. GPA should also be mindful of the fact that the transition plan shall contain the details of the transition of Navy personnel at the completion of the interim period [CSA § 3.9.3] and that Navy PWC Guam personnel, who hold a right of first refusal for GPA employment, must exercise that right not later than three months before the end of the interim period. These time lines will impact the date the interim period ends.

Dated this ^{1st} day of March, 1995.


TERRENCE M. BROOKS


RAYMOND K.S. LUM


MARY LOUISE ANDERSON


VICENTE D. GUMATAOTAO


KATHLEEN M. PEREZ


KALEO S. MOYLAN

**PUBLIC UTILITIES COMMISSION
OF THE TERRITORY OF GUAM**

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Harry M. Boertzel, Esq.
Administrative Law Judge

Joseph A. Celvo, Esq.
Assistant Administrative
Law Judge

March 27, 1995

HAND DELIVER

Speaker Don Parkinson
23RD GUAM LEGISLATURE
424 W. O'Brien Drive
Julale Center, Suite 222
Agana, Guam 96910

Dear Mr. Speaker:

With regard to your request for the Commission's comments about Bills 94 and 176:

1. Bill 94:

The Commission's current rules of procedure permit public participation in Commission evidentiary proceedings without need for formal intervention [Rule 20008.2]. As a matter of practice, the Commission also encourages public comment at every public evidentiary hearing. Accordingly, the Commission views Bill 94 as duplicative of existing Commission procedures. We would also note that 12 GCA § 12013 empowers the Commission to "establish its own procedures for the conduct of hearings and the admission of evidence".

On March 15, 1995 the Commission transmitted to you its FY94 annual report, which enclosed proposed, revised Commission rules of procedure. Proposed Rule 11 addresses participation in evidentiary proceedings without intervention. Should you conclude that the public requires greater procedural right to participate in Commission hearing than currently available under Commission procedure, we encourage you to address this concern as part of your review and approval of the Commission's proposed rules rather than through amendment of our enabling legislation.

2. Bill 176.

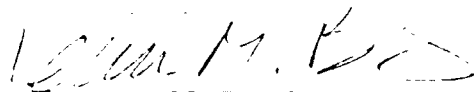
On March 3, 1995 the Commission transmitted to you its order approving proposed Amendment II to the Navy-GPA Customer Service Agreement, subject to

Speaker Don Parkinson
March 27, 1995
Page 2

conditions therein stated.

Please let me know if we can be of further assistance with regard to these matters.

Cordially,



Terrence M. Brooks

TMB/kw
D#SP.27M
DIR.HMBLTRS

Enclosure:

1. Rule 2000.8.2
Rule 11

CC: PUC Commissioners

simplifying the issues; arranging for the exchange or proposed exhibits or prepared expert testimony; limitation of number of witnesses; and such other matters as may expedite orderly conduct and disposition of the proceeding.

Hearing:

20008. Notice.

(a) In any proceedings, including applications and complaints, where there shall be a public hearing, the Commission shall give notice of hearing, with the purpose stated thereof and the date, time, and place at which it will be held, by advertising not less than once in each of three weeks, in a newspaper of general circulation in Guam, the first publication being not more than twenty-one (21) days before the scheduled hearing, and the last publication being not less than two (2) days before the scheduled hearing.

(b) In addition to the notice required by this rule, parties shall provide such notice of hearing as the presiding officer may designate. Sample copies of the notices shall be filed at or before the hearing.

20008.1. Intervention. In a proceeding, petitions to intervene and become a party thereto shall be in writing, shall set forth the grounds of the proposed intervention, and the position and interest of the petitioner in the proceeding. Such a petition shall be served and filed by petitioner at least five (5) days before the proceeding is called for hearing, except for good cause shown. If petitioner seeks a broadening of the issues and shows that they would not thereby be unduly broadened, then the petition shall be served and filed by petitioner at least ten days, and the parties may serve and file replies at least five days, before the matter is called for hearing.

Leave will not be granted except on averments which are reasonably pertinent to the issues already presented, but do not unduly broaden them. If leave is granted, the petitioner thereby becomes an intervener and a party to the proceeding to the degree indicated by the order allowing intervention, or by the presiding officer at the hearing.

20008.2. Participation Without Intervention. In an application proceeding, an appearance may be entered at the hearing without filing a pleading if there is full disclosure of the persons or entities in whose behalf the appearance is to be entered; if the interest of such persons or entities in the proceeding and the position intended to be taken are stated fairly; and, if the contentions will be reasonably pertinent to the issues already presented and any right to broaden them unduly is disclaimed.

A person or entity in whose behalf an appearance is entered in this manner becomes a party to and may participate in the

proceeding to the degree indicated by the presiding officer.

20008.3. Motion to Dismiss. A motion to dismiss (other than a motion based upon a lack of jurisdiction) any proceeding before this Commission, which is based upon the pleadings or any matter occurring before the first day of hearing may only be made upon five (5) days' written notice thereof duly filed and served upon all parties to the proceeding and all other parties upon whom service of copies of the pleadings are therein shown to have been made.

20008.4. Order of Procedure. The complainant, applicant, or petitioner shall open and close hearings on complaints, applications, and petitions.

Subpoenas:

20009. Issuance. Request for subpoenas and subpoena duces tecum may be made to the Commission, Presiding Officer, or the Administrative Law Judge.

20009.1. Contents and Service. Subpoena or subpoena duces tecum shall only be served on behalf of a party. Before service, all appropriate portions of the subpoena or subpoena duces tecum shall be completed, and the name, address, and telephone number of the requesting party shall be included. Service of subpoenas or subpoenas duces tecum shall be in accordance with the provisions of the Code of Civil Procedure.

20009.2. Affidavit in Support of Subpoena Duces Tecum. A copy of an affidavit shall be served with a subpoena duces tecum showing good cause for the production of the matters described in such subpoena, specifying the exact matters desired to be produced, setting forth in full detail the relevance thereof to the issues involved in the proceeding, and stating that the witness has the desired matters in his possession or under his control. The original affidavit in support of the subpoena duces tecum shall be filed prior to the time the documents are due to be produced.

20009.3. Motions to Quash or for Protective Orders. An original and one copy of a motion to quash a subpoena or subpoena duces tecum or for a protective order may be filed prior to the time that appearance or production is required. A certificate of service indicating service on the party who obtained the subpoena or subpoena duces tecum shall accompany the motion. The presiding officer may require service on additional parties. The presiding officer shall then give such notice of the procedure he intends to follow on the motion as time permits. If no notice is feasible, argument on the motion shall be heard at the time that appearance or production is required.

If time does not permit filing a motion, it may be submitted to the presiding officer or made orally at a hearing. Motions must

be afforded to any such party and the Commission staff.

Rule 10. Action by Commission.

As soon as practicable after expiration of the time for filing answer to a petition for intervention, the ALJ will grant or deny the petition in whole or in part, or if found to be appropriate may authorize limited participation. A person granted leave to intervene in whole or in part is an intervenor and shall be a party to the proceeding. The granting of a petition to intervene in whole or in part is not recognition that the intervenor may have rights to appeal from any order of the Commission entered in that proceedings, except as otherwise provided by law.

Rule 11. Participation Without Petition for Intervention.

(a) A person may appear in a proceeding before the Commission in lieu of a formal petition to intervene, if there is full disclosure of the identity of the person whose appearance is to be entered; the interest of such person in the proceeding and the position intended to be taken are fully and fairly stated; and the contentions of such person will be reasonably pertinent to the issues already presented and any right to broaden the issues unduly is disclaimed.

(b) An appearance under this rule entitles the person to make a statement of his position at a time during the hearing designated by the ALJ, with notice to all parties, and subject to such conditions as may be made by the ALJ; provided, however, that such person shall not be regarded as a party.

PART 3. COMPLAINTS

Rule 12. Contents and Kinds.

(a) A complaint shall be limited to matters involving alleged unlawful or unreasonable acts, practices or omissions of a utility. A complaint may be either formal or informal and may be made by a person having good or sufficient reason therefor or by the Commission on its own motion.

(b) An informal complaint shall be in writing and signed by complainant, and contain a concise statement of the facts involved and the name and address of the complainant and the party complained against. The Commission will attempt to settle problems arising under an informal complaint without formal action when possible.

EXHIBIT "G"

PUBLIC UTILITIES COMMISSION
OF THE TERRITORY OF GUAM

Terrence M. Brooks, Chairman
Raymond K.S. Lum, Vice-Chairman
Vicente D. Gumataotao, Member
Mary Louise Anderson, Member
Kathleen M. Perez, Member
Kaleo S. Moylan, Member

SUITE 400 G.C.I.C. BUILDING
P.O. BOX 882
AGANA, GUAM 96910
TELEPHONE: 477-0708/472-8888
FAX: (671) 477-0783/2511

Harry M. Boertzel, Esq.
Administrative Law Judge

Joseph A. Ceiva, Esq.
Assistant Administrative
Law Judge

February 21, 1995

VIA FACSIMILE TRANSMISSION ONLY
649-6942

Mr. Raymond Camacho
General Manager
GUAM POWER AUTHORITY
Post Office Box 2977
Agana, Guam 96910

RE: **DOCKET 89-002A [NAVY CUSTOMER AGREEMENT]**

Dear Mr. Camacho:

This letter serves to confirm that I will recommend at the next Commission meeting [to be scheduled for the week of February 27] that the Commission approve "CSA Amendment II", subject to the conditions set forth in my February 3, 1995 letter [copy enclosed]. The Commission's consultant [Georgetown Consulting Group] supports this position.

Cordially,



Harry M. Boertzel

HMB/kw
D#RC.21F
DIR:HMBLTRS

Enclosure:
1. Boertzel 2/3/95 ltr.

CC: PUC Commissioners



EXHIBIT "H"
DEPARTMENT OF THE NAVY
U.S. NAVY PUBLIC WORKS CENTER
PSC 455, BOX 195
FPO AP 96540-2937

IN REPLY REFER TO:

Ser 00C/355
11 January 1995


Raymond C. Camacho
General Manager
Guam Power Authority
P.O. Box 2977
Agana, Guam 96910

Re: AMENDMENT TO CUSTOMER AGREEMENT

Dear Mr. Camacho:

Enclosed is the proposed Amendment to the Customer Agreement creating a fourth option for turnover of Navy owned joint-use electrical power assets. Once it has been signed by the Chairman of the Board of GPA, it will be forwarded to the Contracting Officer, RADM Nash for execution. The Amendment incorporates the agreed upon changes discussed during our several meetings. As I have stated on numerous occasions, once the Amendment is enacted it is my intent to immediately recommend through the chain of command to the deciding official, the Secretary of the Navy, that a determination be made that the provisions of article 7.4.4 of the Customer Agreement have been met and that an end to the interim period should be declared. Turnover of assets will then follow the procedures and timeframes outlined in the Customer Agreement.

The above reasoning is based upon GPA's current structure and performance. Therefore, time is of the essence in executing and approving this Amendment. If you wish to discuss this issue further, please call me at 339-5100.


G. M. CRAFT
CAPT, CEC, USN
Commanding Officer


"SAFETY FIRST"

LEGAL COUNSEL

U.S. NAVY PUBLIC WORKS CENTER, GUAM
&
OFFICER IN CHARGE OF CONSTRUCTION, MARIANAS
Voice: (671) 333-2911
Fax: (671) 339-7148

31 March 1995

FAX MESSAGE

From: CALVIN FITCH BOLES IV 
To: Speaker Don Parkinson
FAX #: (671) 477 5795
Subj: Bill No. 176

Sir...

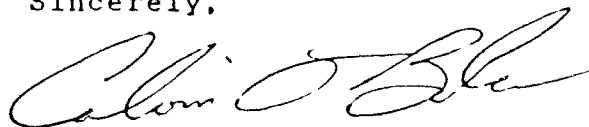
I am privileged to forward to your office the attached letter from Captain Craft regarding the subject of today's legislative session.

The original letter will follow by messenger within the next two hours. Please let this office know if the original does not arrive prior to your departure for the Legislature.

Thank you for your consideration.

OFFICE OF THE SPEAKER	
Date:	<u>3.31.95</u>
Time:	<u>8:40 am</u>
Received By:	<u>[Signature]</u>
Print Name:	<u>LOLA A. BAZA</u>

Sincerely,



Calvin F. Boles IV
General Counsel
Navy, PWC



DEPARTMENT OF THE NAVY
U.S. NAVY PUBLIC WORKS CENTER
PSC 455, BOX 195
FPO AP 96540-2937

IN REPLY REFER TO:

11000.12
Ser 00/421
31 MAR 1995

Office of Speaker Don Parkinson
23rd Guam Legislature
424 W. O'Brien Drive
Julale Center, Suite 222
Agana, Guam 96910

30 March 1995

Re: Public Hearing Concerning Bill No. 176, an Act to Approve Proposed Amendment II (the "Amendment") to the Customer Service Agreement (CSA)

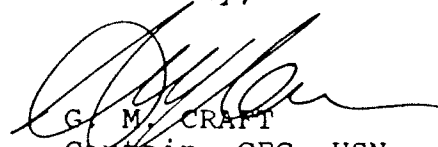
Dear Speaker Parkinson:

I am in receipt of your correspondence dated 23 March 1995, regarding the above-referenced public hearing. My staff and I have reviewed the version of the proposed Amendment as attached to your letter. Our review concludes that the Amendment, as proposed under Bill No. 176, is identical to the version of Amendment II previously agreed upon between Navy and GPA. As such, I do not have any comments of a substantive nature regarding the text of the proposed Amendment.

I would, however, like to emphasize my support for the passage of the Amendment. The Navy considers the passage of said Amendment a critical step toward achieving the goals set forth in the CSA.

Thank you for your consideration.

Sincerely,


G. M. CRAFT
Captain, CEC, USN
Commanding Officer

"SAFETY FIRST"



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O. BOX 2977 • AGANA, GUAM U.S.A. 96910-2977

March 27, 1995

The Honorable Don Parkinson
Speaker, 23rd Guam Legislature
424 W. O'Brien Drive
Julale Center, Suite 222
Agana, Guam 96910

Dear Speaker Parkinson:

GPA is pleased to provide the following testimony in support of proposed Bill 176, Amendment II to the Customer Service Agreement.

SECTION 1 OF AMENDMENT II.

Section 1 of Amendment II was proposed by Navy to allow virtually all rights of ownership to be conveyed at the end of the Interim Period. The concern addressed by this section was that the baseline environmental survey and any cleanup required by it would prevent transfer of some of the properties at the end of the Interim Period. Amendment I to the CSA required that Navy certify in the deed at the end of the Interim Period that all cleanup required had been completed. As cleanup which may be required by the ongoing baseline survey may take years to accomplish, a mechanism is needed to allow GPA to operate and maintain these facilities until the deed in the form required can be completed.

This is the same procedure that is being used to expedite the closure of Guam's Naval Air Station which is scheduled to take place on March 31, 1995. This procedure allows GovGuam to use the land while Navy completes the environmental baseline survey and cleanup. Without this provision, GovGuam would have to wait until the cleanup is completed before being able to make use of this property.

SECTION 2 OF AMENDMENT II

Section 2 of Amendment II is a safety net for GPA and Navy. Since the CSA does not provide for services that Navy currently provides to be continued after the Interim Period, it is possible that GPA could be unable to provide them. This section, therefore, allows Navy to continue to provide these services.

The ability of GPA to provide these services or to contract them out is not impaired by this section. Those provisions which are

Speaker Parkinson
March 28, 1995
Page 2 of 3

currently in the CSA are not affected by this change. It is simply to allow that Navy may continue to provide these services should GPA be unable for some time to provide them either internally or through contracting.

SECTION 3 OF AMENDMENT II

Section 3 of Amendment II is a safety net for GPA and Navy. Since the CSA does not provide for services that Navy currently provides to be continued after the Interim Period, it is possible that GPA could be unable to provide them. This section, therefore, allows Navy to continue to provide these services. The ability of GPA to provide these services or to contract them out is not impaired by this section. Those provisions which are currently in the CSA are not affected by this change. It is simply to allow Navy to continue to provide these services should GPA be unable for some time to provide them either internally or through contracting.

SECTION 4 OF AMENDMENT II

Section 4 allows Article 7.4.4 to be added as a means of terminating the Interim Period of the CSA.

SECTION 5 OF AMENDMENT II

Section 5 has been added to provide a more relaxed standard for terminating the Interim Period of the CSA than currently exists. Subsection 7.4.1 requires that GPA meet all the performance standards. The proposed new subsection would relax this requirement to substantial compliance as opposed to complete. As can be seen in the cover letter by Captain Craft, it is Navy's intention to recommend that this happen as soon as the approval to Amendment II is complete.

SECTION 6 OF AMENDMENT II

Section 6 is proposed to include certain areas where Navy does not have electrical facilities but owns land on which GPA does have electrical facilities to insure that these lands and/or easements are transferred to GPA. While it is possible that these would be covered under existing language, GPA wants to ensure that there is no question about them.

SECTION 7 OF AMENDMENT II

The CSA as currently written lists all facilities specifically listed in Tables 3 and 4 to be transferred to GPA. It could be read to prohibit further transfers of facilities other than those specifically identified. Navy has recently stated that they are

Speaker Parkinson
March 28, 1995
Page 3 of 3

looking toward going to an "islands of power" concept. Under this concept, additional electrical facilities outside the bases would then be available for transfer to GPA to the ultimate benefit of GPA's customers. It is quite possible that other similar situations will occur in the future. This section would allow for these transfers without additional Federal legislation.

My staff and I will do our best to answer any questions you may have.

Sincerely,

A handwritten signature in black ink, appearing to read "A.J. Sonny Shelton". The signature is stylized with a large, sweeping flourish that extends to the right.

A.J. Sonny Shelton
Acting General Manager



COMMITTEE ON RULES

Twenty-Third Guam Legislature
155 Hesler St., Agana, Guam 96910

February 27, 1995

MEMORANDUM

TO: The Committee on Electrical Power and Consumer Protection

FROM: Chairman, Committee on Rules

SUBJECT: Governor's Message

The following Governor's Message was received by my office and is being forwarded to you for your information.

GOVERNOR'S MESSAGE TRANSMITTING A PROPOSED LEGISLATION REQUIRED TO APPROVE THE PROPOSED AMENDMENT 11 TO THE GPA/NAVY CUSTOMER SERVICE AGREEMENT.



SONNY LUJAN ORSINI

Attachment

Date/Time Rec'd	2.2.95 2:50pm
Received by	Jat
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SPEAKER	
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Orig. Filed at	
Copy Filed at	
Other Action	Phu Kij



Territory of Guam
Territorio de Guam

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


FEB 21 1995

The Honorable Don Parkinson
Speaker
23rd Guam Legislature
424 West. O'Brien Drive
Julale Center, Suite 222
Agana, Guam 96910

Dear Senator Parkinson:

Forwarded herewith is proposed legislation required to approve the proposed Amendment II to the GPA/Navy Customer Service Agreement. I concur with the GPA Board of Directors recommendation to approve the Amendment. Thank you for your early consideration of this important change which will allow early transition of electrical facilities to GPA.

Sincerely,


Carl F. C. Gutierrez
Governor

cc: General Manager, GPA

230237

Date Rec'd	2-21-95
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Name	[Signature]
Signature	
Original Filed by	
Orig. Filed at	
Copy Filed at	
Other Action	Refer to Leg.

Sec. 

**TWENTY THIRD GUAM LEGISLATURE
1995 (FIRST) REGULAR SESSION**

Bill No. _____
Introduced By:

D. Parkinson

AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES

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

1 Section 1. **Legislative findings and intent.** The Legislature finds pursuant to the
2 provisions of Public Law 21-112, Section 4 any changes to the Customer Service
3 Agreement between the Guam Power Authority and the U. S. Navy must be approved by
4 the Legislature and the Public Utilities Commission. The Legislature further finds that the
5 U. S. Navy and GPA have agreed to amend the CSA pursuant to Section 15.1 of the
6 CSA.

7 **WHEREAS**, Section 111 of Public Law 100-202 authorizes the Navy to transfer
8 to GPA, Navy owned electric power generation, transmission and distribution facilities
9 and equipment specified in Table 3 of the Agreement; and

10 **WHEREAS**, such transfer made be made when GPA meets all performance
11 standards listed in the August, 1986 independent third party plan, (which standards are
12 contained in Appendix "A" to the Agreement) or other performance standards mutually
13 agreed upon by GPA and Navy; and

Amendment II to Customer Service Agreement

2

1 WHEREAS, the independent third party evaluation for fiscal year 1993 concluded
2 that all but one of the performance standards were met; and

3 WHEREAS, GPA and Navy recognize that the environmental remedial actions
4 required by Section 3.10 of the Agreement (added by Amendment I) and any other
5 applicable federal law may be a lengthy process, thereby delaying the final transfer of
6 Navy owned real property; and

7 WHEREAS, at the termination of the interim period, GPA may be incapable of
8 assuming some of the services currently provided by Navy under Section 3.5 of the
9 Agreement.

10 Section 2. The GPA and Navy agree that Customer Service Agreement should be
11 amended with a new subsection added to section 3.3 to read as follows:

12 "3.3.1 GPA will assume all rights and duties of ownership of the joint use
13 real property assets upon termination of the interim period and will pay no fee
14 therefore, reserving unto Navy the right to continued use of easements, licenses,
15 accesses, and other property transfer documents. Real estate documents such as
16 deeds and easements which are necessary to convey title to Navy-owned joint use
17 assets will be prepared and executed upon their certification in accordance with
18 section 3.10 an as soon as practicable after the termination of the interim period."
19

20
21 Section 3. Section 3.2 is amended to read:

22 "3.2. At the termination of the interim period, Navy has no further
23 obligation to provide the interim period services to the IWPS as described under
24 this Article. Upon written agreement between the parties, Navy may agree to
25 continue to provide individual services as listed under section 3.5 until GPA is
26 capable of providing them independently."
27
28

Amendment II to Customer Service Agreement

3

1 Section 4. Section 3.8 will be amended to read:

2
3 "3.8. At the termination of the interim period, Navy has no further
4 obligation to provide the interim period services to the IWPS as described under
5 this Article. Upon written agreement between the parties, Navy may agree to
6 continue to provide individual services as listed under section 3.5 until GPA is
7 capable of providing them independently."

8
9 Section 5. Section 7.4 is amended by deleting "7.4.3" and inserting "7.4.4" in
10 the first paragraph.

11
12 Section 6. A new Subsection 7.4.4 is added and reads:

13 "7.4.4 Navy and GPA mutually agree that GPA assume responsibility for
14 the IWPS whether or not all the performance standards have been met under the
15 following conditions:

16 That GPA fully complies with a substantial number of the
17 performance standards contained in Appendix A;

18 That GPA substantially complies with the remaining performance
19 standards; and,

20 That the termination of the interim period is in the best interests of
21 Navy and GPA considering the present and the future ability of GPA to
22 operate the IWPS."

23 Section 7. Table 3 is amended to add the following:
24

Amendment II to Customer Service Agreement

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"27. The land designated as the Apra Heights Substation property."

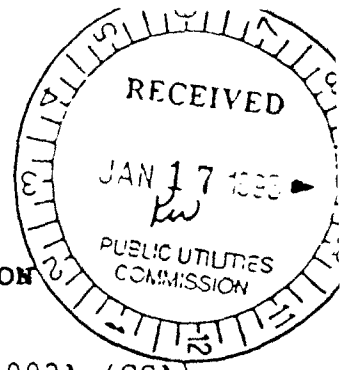
"28. The land and easements used by the Cabras-Agana 115 kv transmission lines."

Section 8. A new subsection 9.7 is added to Article 9 that reads:

"9.7 In addition to the 13.8 kv facilities to be transferred in accordance with Article 9.6, GPA and Navy mutually agree to transfer from time-to-time other Navy electrical power facilities the Navy considers excess to their needs and GPA agrees are useful to its customers.

Section 9. All other provisions of the Agreement shall remain in force and effect to the extent modified by this amendment.

Section 10. Notwithstanding any other points of law, and the Amendment having been requested by the Navy and agreed to by GPA, and when approved by the Public Utilities Commission, the action requested herein is approved and will be in effect when this Act is signed into law.



BEFORE THE PUBLIC UTILITIES COMMISSION
FOR THE TERRITORY OF GUAM

APPLICATION OF THE GUAM)
POWER AUTHORITY FOR APPROVAL)
OF CUSTOMER SERVICE AGREEMENT)
WITH U.S. NAVY)

DOCKET NO. 89-002A (CSA)

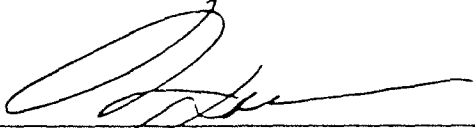
Attached hereto for approval by the Commission, pursuant to the provisions of Public Law No. 21-112, Section 4, is proposed Amendment No. II to the Utility Service Contract otherwise known as the Customer Service Agreement ("CSA") between the United States of America and the Guam Power Authority ("GPA"), as amended. Also attached is the supporting testimony of Raymond C. Camacho, General Manager of GPA and a letter, Ser OOC/355 dated January 11, 1995 to Mr. Camacho from G.M. Craft, Captain, CEC U.S. Navy, Commanding Officer of the U.S. Navy Public Works Center, Guam.

In order that the purposes of this amendment may be effectuated at the earliest possible date, that is, the Navy's Joint Use Assets involved be transferred to GPA, expeditious review and approval by the Commission is requested, preferably not later than February, 1995.

Any questions with regard to this request may be directed to Mr. Oliver Wood, Special Projects Engineer, GPA.

DATED this 16th day of January, 1995.

CARLSMITH BALL WICHMAN
MURRAY CASE & ICHIKI


Philip D. Isaac
Attorneys for Applicant
Guam Power Authority

Rec'd 1125, 950117
W. I. Reese

AMENDMENT II
TO CUSTOMER AGREEMENT
(CONTRACT NUMBER N62742-89-C-0201)
BETWEEN
THE GUAM POWER AUTHORITY
AND
THE UNITED STATES OF AMERICA

This Amendment to the Customer Agreement ("Agreement") is entered into by and between the Guam Power Authority ("GPA") and the United States of America through its instrument the Department of the Navy ("Navy") pursuant to Section 15.1 of the Agreement.

RECITALS

WHEREAS, Section 111 of Public Law 100-202 authorizes the Navy to transfer to GPA, Navy owned electric power generation, transmission and distribution facilities and equipment specified in Table 3 of the Agreement; and

WHEREAS, such transfer may be made when GPA meets all performance standards listed in the August, 1986 independent third party plan, (which standards are contained in Appendix "A" to the Agreement) or other performance standards mutually agreed upon by GPA and Navy; and

WHEREAS, the independent third party evaluation for fiscal year 1993 concluded that all but one of the performance standards were met; and

WHEREAS, GPA and Navy recognize that the environmental remedial actions required by section 3.10 of the Agreement (added by Amendment I) and any other applicable federal law may be a lengthy process, thereby delaying the final transfer of Navy owned real property; and

WHEREAS, at the termination of the interim period, GPA may be incapable of assuming some of the services currently provided by Navy under section 3.5 of the Agreement.

NOW THEREFORE, the parties agree that the Agreement should be amended as follows:

1. A new subsection will be added to section 3.3 to read:

"3.3.1 GPA will assume all rights and duties of ownership of the joint use real property assets upon termination of the interim period and will pay no fee therefore, reserving unto Navy the right to continued use of easements, licenses, accesses, and other property transfer documents. Real estate documents such as deeds and easements which are necessary to convey title to Navy-owned joint use assets will be prepared and executed upon their certification in accordance with section 3.10 and as soon as practicable after the termination of the interim period."

2. Section 3.2 is amended to read:

"3.2 At the termination of the interim period, Navy has no further obligation to provide the interim period services to the IWPS as described under this Article. Upon written agreement between the parties, Navy may agree to continue to provide individual services as listed under section 3.5 until GPA is capable of providing them independently."

3. Section 3.8 will be amended to read:

"3.8 At the termination of the interim period, Navy has no further obligation to provide the interim period services to the IWPS as described under this Article."

Upon written agreement between the parties, Navy may agree to continue to provide individual services as listed under section 3.5 until GPA is capable of providing them independently."

4. Section 7.4 is amended by deleting "7.4.3" and inserting "7.4.4" in the first paragraph.

5. A new subsection 7.4.4 is added as follows :

7.4.4 Navy and GPA mutually agree that GPA assume responsibility for the IWPS whether or not all the performance standards have been met under the following conditions: That GPA fully complies with a substantial number of the performance standards contained in Appendix A; That GPA substantially complies with the remaining performance standards; and, that the termination of the interim period is in the best interests of Navy and GPA considering the present and the future ability of GPA to operate the IWPS.

6. Table 3 is amended to add the following:

27. The land designated as the Apra Heights Substation property.

28. The land and easements used by the Cabras-Agana 115 kv transmission lines.

7. Add a new subsection to Article 9

"9.7 In addition to the 13.8 kv facilities to be transferred in accordance with Article 9.6, GPA and Navy mutually agree to transfer from time-to-time other Navy electrical power facilities the Navy considers excess to their needs and GPA agrees are useful to its customers.

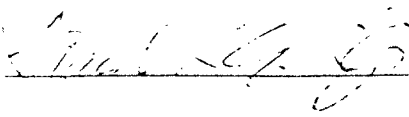
8. All other provisions of the Agreement shall remain in force and effect to the extent

modified by this amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date of the last signature on this agreement.

GUAM POWER AUTHORITY

UNITED STATES OF AMERICA

By: 
Chairman of the Board of Directors
Guam Power Authority

By: _____
D.J. NASH, RADM, CEC, USN
Commander, Pacific Division,
Naval Facilities Engineering
Command
Contracting Officer

Date: 01-17-95

Date: _____

EXHIBIT RCC

GUAM POWER AUTHORITY

TESTIMONY OF

RAYMOND C. CAMACHO

AMENDMENT II TO CUSTOMER SERVICE AGREEMENT

JANUARY 1995

DOCKET NO. 89-002A

1
2
3
4 **I. QUALIFICATIONS**

5
6 Q. PLEASE STATE YOUR NAME, YOUR POSITION AND YOUR QUALIFICATIONS.

7 A. My name is Raymond C. Camacho. I am the General Manager of the Guam
8 Power Authority, having been appointed to this position in October of 1993. Prior
9 to that time I served as Assistant General Manager - Operations at GPA between
10 June and September of 1993. I received my Bachelor of Science degree in
11 Electrical Engineering, with a Power Systems Specialty, from the University of
12 Missouri in 1977. I worked at the San Diego Gas & Electric Company as an
13 Operations Engineer from 1977 to 1980. I worked at the Pacific Gas and Electric
14 Company from 1980 to 1993 as a Power Contracts Negotiator and in various
15 management positions engaged in business and strategic planning. I am a
registered Professional Engineer - Electrical in the State of California.

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of this property.

Q. WHAT IS THE PURPOSE OF SECTION 2 OF AMENDMENT II?

A. Section 2 of Amendment II is a safety net for GPA and Navy. Since the CSA does not provide for services that Navy currently provides to be continued after the Interim Period, it is possible that GPA could be unable to provide them. This section, therefore, allows Navy to continue to provide these services.

Q. WHAT IF GPA CHOOSES TO PROVIDE THESE SERVICES?

A. The ability of GPA to provide these services or to contract them out is not impaired by this section. Those provisions which are currently in the CSA are not affected by this change. It is simply to allow that Navy may continue to provide these services should GPA be unable for some time to provide them either internally or through contracting.

Q. WHAT IS THE PURPOSE OF SECTION 3 OF AMENDMENT II?

A. Section 3 of Amendment II is a safety net for GPA and Navy. Since the CSA does not provide for services that Navy currently provides to be continued after the Interim Period, it is possible that GPA could be unable to provide them. This section, therefore, allows Navy to continue to provide these services.

1 Q. WHAT IF GPA CHOOSES TO PROVIDE THESE SERVICES?

2 A. The ability of GPA to provide these services or to contract them out is not
3 impaired by this section. Those provisions which are currently in the CSA are not
4 affected by this change. It is simply to allow Navy to continue to provide these
5 services should GPA be unable for some time to provide them either internally or
6 through contracting.

7

8 Q. WHAT IS THE PURPOSE OF SECTION 4 OF AMENDMENT II?

9 A. Section 4 allows Article 7.4.4 to be added as a means of terminating the Interim
10 Period of the CSA.

11

12 Q. WHAT IS THE PURPOSE OF SECTION 5 OF AMENDMENT II?

13 A. Section 5 has been added to provide a more relaxed standard for terminating the
14 Interim Period of the CSA than currently exists. Subsection 7.4.1 requires that
15 GPA meet all the performance standards. The proposed new subsection would
16 relax this requirement to substantial compliance as opposed to complete. As can
17 be seen in the cover letter by Captain Craft, it is Navy's intention to recommend
18 that this happen as soon as the approval to Amendment II is complete.

1 Q. WHAT IS THE PURPOSE OF SECTION 6 OF AMENDMENT II?

2 A. Section 6 is proposed to include certain areas where Navy does not have
3 electrical facilities but owns land on which GPA does have electrical facilities to
4 insure that these lands and/or easements are transferred to GPA. While it is
5 possible that these would be covered under existing language, GPA wants to
6 ensure that there is no question about them.

7

8 Q. WHAT IS THE PURPOSE OF SECTION 7 OF AMENDMENT II?

9 A. The CSA as currently written lists all facilities specifically listed in Tables 3 and 4
10 to be transferred to GPA. It could be read to prohibit further transfers of facilities
11 other than those specifically identified. Navy has recently stated that they are
12 looking toward going to an "islands of power" concept. Under this concept,
13 additional electrical facilities outside the bases would then be available for transfer
14 to GPA to the ultimate benefit of GPA's customers. It is quite possible that other
15 similar situations will occur in the future. This section would allow for these
16 transfers without additional Federal legislation.

17

18 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

19 A. Yes it does.



DEPARTMENT OF THE NAVY
U.S. NAVY PUBLIC WORKS CENTER
PSC 455, BOX 195
FPO AP 96540-2937

IN REPLY REFER TO

Ser 00C/355
11 January 1995

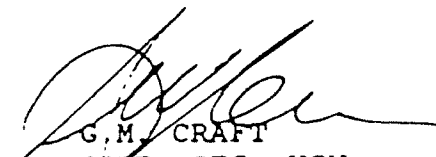
Raymond C. Camacho
General Manager
Guam Power Authority
P.O. Box 2977
Agana, Guam 96910

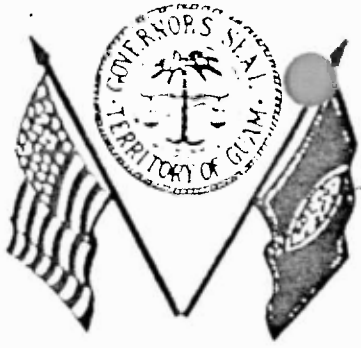
Re: AMENDMENT TO CUSTOMER AGREEMENT

Dear Mr. Camacho:

Enclosed is the proposed Amendment to the Customer Agreement creating a fourth option for turnover of Navy owned joint-use electrical power assets. Once it has been signed by the Chairman of the Board of GPA, it will be forwarded to the Contracting Officer, RADM Nash for execution. The Amendment incorporates the agreed upon changes discussed during our several meetings. As I have stated on numerous occasions, once the Amendment is enacted it is my intent to immediately recommend through the chain of command to the deciding official, the Secretary of the Navy, that a determination be made that the provisions of article 7.4.4 of the Customer Agreement have been met and that an end to the interim period should be declared. Turnover of assets will then follow the procedures and timeframes outlined in the Customer Agreement.

The above reasoning is based upon GPA's current structure and performance. Therefore, time is of the essence in executing and approving this Amendment. If you wish to discuss this issue further, please call me at 339-5100.


G.M. CRAFT
CAPT, CEC, USN
Commanding Officer



Territory of Guam
Territorio de Guam

OFFICE OF THE GOVERNOR
LERSINAN MAGALAHI
AGANA, GUAM 96910 USA

94-12-015
DEC 05 1994

GPA

CSA

NOV 22 1994


Mr. Raymond C. Camacho
General Manager
Guam Power Authority
P.O. Box 2977
Agana, Guam 96910

Dear Mr. Camacho:

I have received and reviewed GPA's request to negotiate amendments to the Customer Agreement (dated November 21, 1994). It is my understanding that amendments are necessary to expedite the transfer of Navy's Joint Use Generation and Transmission facilities to GPA and to address changes in operational conditions. Further, it is my understanding that any amendments must be approved by the Public Utilities Commission of Guam and the Legislature.

In accordance with Public Law 21-112, Section 4, I grant approval to GPA to negotiate amendments (hereinafter referred to as Amendment II) to the Customer Agreement as necessary and submit Amendment II to the Public Utilities Commission of Guam and the Legislature. This will allow the transfer of the Navy's Joint Use Generation and Transmission facilities to GPA to be expedited and will address other changes in operational conditions.

Regards,


JOSEPH F. ADA
Governor

- cc: Speaker Joe T. San Agustin
- Senator Don Parkinson, Chairperson, Committee on Electrical Power & Consumer Protection
- Senator Thomas C. Ada, Chairperson, Committee on Water, Utilities, & Electronic Communications
- Mr. Terrence M. Brooks, Chairman, Public Utilities Commission

pc: Hilda Wick
Jul Jones



Commonwealth Now!

Evaluation of GPA's

Performance Against

Financial, Management and

Service Criteria for FY

Ending September 30, 1993

EXECUTIVE SUMMARY PORTION OF
THE ERNST + YOUNG EVALUATION OF
GPA'S PERFORMANCE ENDING SEPTEMBER
30, 1993.

U.S. Department of the Interior

January 1994

EXHIBIT " " "

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EXECUTIVE SUMMARY

We have completed our review of GPA's performance against financial, management and service criteria for the fiscal year ended September 30, 1993. The purpose of the evaluation is to assess GPA's actual performance against standards, supporting standards and indicators in the areas of:

- Management
- Generation
- Transmission and Distribution
- Dispatch Control Center
- Finance.

The Customer Service Agreement incorporates the performance standards as a vehicle to trigger turnover of Island Wide Power System (IWPS) responsibility to GPA when GPA meets the standards or Ernst & Young recommends turnover (referred to herein as a positive recommendation) and the recommendation is accepted by Navy. Exhibit I contains a comparative summary of standards met and not met by area.

MANAGEMENT

GPA met all the performance standards in 1993 for the management area. Their performance in the management area is reinforced with a positive recommendation that GPA is ready to assume management responsibility for the IWPS. GPA has the planning and management infrastructure, organization, and key personnel in place to assimilate, with appropriate transition planning, the Navy portion of the IWPS.

GENERATION

GPA met six of the eight standards for generation. GPA met the very important planning reliability standard of 1 day in 10 years with the power plants recently completed and committed. As anticipated, GPA did not meet the operating reliability standard primarily due to insufficiency of generating reserves early in the year and "startup" problems as new plants were brought on line. An electrical system would normally be insulated from problems with new

Exhibit I

Executive Summary Performance Against Standards

Management	<u>1992</u>	<u>1993</u>
Met	4	5
Partially Met	1	0
Not Met	0	0
Generation		
Met	7	6
Not Met	1	2
Transmission and Distribution		
Met	3	4
Not Met	2	1
Dispatch Control		
Met	5	4
Not Met	0	1
Finance		
Met	0	2
Not Met	5	3

plants because of insufficiency of reserves and placement of new generators, these problems adversely affected reliability through most of 1993. As a result of experience with the new units and changes in transmission configuration, it is expected that operating reliability will meet the performance standard in 1994. The other generation standard not met was Standard 4 related to the forced outage rate. The forced outage rate on Cabras #2, after adjustment by Ernst & Young to correct or reflect, exceeded the 15% target. The high forced outage rate is a direct result of deferred maintenance over the last several years. This problem should be alleviated in 1994 with the scheduled boiler overhaul.

The deficiencies in operating reliability during 1993 precluded a positive recommendation with respect to generation. We continue to believe that GPA is well qualified to operate and maintain Navy's generating plant as part of the IWPS and again recommend that this be considered as a transitional step. Such an arrangement has been in effect for two decades for the Navy Tanguisson unit. In addition to being a positive transitional step, it would better equip GPA to deal with the power plant cost issue that is further discussed on page VI-18.

TRANSMISSION AND DISTRIBUTION

GPA met four of the five transmission and distribution standards. They did not meet Standard 1, which requires that voltage delivery on distribution feeders should be within plus/minus 5% of the prescribed voltage. This standard was missed on one phase of one of GPA's 30 feeders. GPA was aware of the problem and has planned reconfiguration during 1994 to correct it. GPA's performance in the transmission and distribution area continues to be very good. Loss of load outage statistics continue to be very good and GPA is monitoring circuits and reconfiguring them to permit growth. We believe GPA has the management and technical resources to assume IWPS responsibility for transmission and substations and has demonstrated consistent performance to support this conclusion.

DISPATCH CONTROL CENTER

GPA met four of the five dispatch control center standards. The standard not met measures the outage duration of loss of load incidents on the transmission system. The standard is an average duration of less than 15 minutes. GPA's actual performance during 1993 was an average duration of about 18 minutes as compared to 13.8 minutes in 1992. A single event with over a 5-hour duration caused the deterioration in 1993 performance. A trip during testing of a substation at a construction site interrupted power supply to the site. Arguably, testing of new

facilities to remote locations should be excluded from our measurement of performance against standards. But for this event, GPA would have met all dispatch control center standards.

FINANCE

GPA met two of the five finance standards. Actual performance against those standards not met was reasonable when compared to the performance of a group of "comparable" municipal utilities. For two standards not met, GPA's current year performance exceeded the standard or current year performance of the "comparable" group. The remaining standard not met in 1993 is margin management (Standard 3). GPA's margin performance ratios continue to decline even though coverages and profitability have improved. GPA is able to operate at relatively low margins while producing acceptable coverages and profitability. Failure to meet the margin standard must be balanced with GPA's financial performance in other areas in ensuring access to capital markets.

GPA completed two very successful revenue bond financings in the last year. They raised \$258 million at an average interest rate of less than 6.25%. The interest rates paid were generally comparable to A-rated municipal securities. The money raised will fund the fast track generation program, the first base load unit, and a new energy management system. Additional borrowings are not anticipated for 2 to 3 years unless the second base load plant is accelerated. The borrowings demonstrate an ability to access capital markets to support GPA's need for capital. The Guam legislature and PUC have supported capital access with timely approval. The PUC has also approved rate increases in December 1991 and January 1993 to provide revenue support for the bond issues. GPA's demonstrated access to capital markets is a critical element in forming our conclusion with respect to the financial standards. We have concluded that GPA is ready to assume financial responsibility for the IWPS.

OVERALL CONCLUSION

GPA met all standards in the management area. We have concluded that GPA is ready for IWPS responsibility for transmission and distribution; dispatch control, and finance (a positive recommendation). Generation is the single area where GPA did not meet the standards and we were unable to reach a positive recommendation. As discussed above, we believe that the generation deficiencies are being addressed such that the standards can be met in 1994. Without prejudging, we believe it is reasonable to expect that GPA will meet the standards in 1994.

RECOMMENDATIONS

We recommend that GPA and Navy resume activities to prepare for turnover of the Navy system to GPA. In practical terms, there needs to be better coordination regarding planned work on the Navy system over a 3- to 5-year time horizon, as well as better communication on day-to-day operations. GPA managers must become more familiar with the conditions of assets to be transferred, the operation and maintenance cycles and activities, historical maintenance records, available spare parts and sources for replacement, etc., to support development of transition plans. Improved communication will facilitate an educational exchange of ideas that may improve current operating performance and/or effectiveness and facilitate transition.

GPA and Navy have already initiated work to reactivate the transition planning process. We endorse their initial efforts. We also encourage expedited planning and focused implementation. It would not be unreasonable to spend a year or more in developing a comprehensive transition plan that might take a year or more to fully implement. We believe it is desirable to show tangible movement in transition planning and operational control in fiscal year 1994.

The Memorandum of Understanding (MOU) regarding the transition plan is an excellent starting point. It provides an outline for the transition plan framework and elements. In reviewing the MOU, it becomes clear that many elements require updating and that completion of some elements may require substantial effort, cost, elapsed time, and approval of parties in addition to GPA and Navy. Detailed planning and focused implementation to achieve longer duration activities should commence. To the extent practical, phased transfer to GPA of planning and operational responsibility for Navy assets is recommended. It may also be useful to begin long duration activities such as real estate, transfer of operating and emission permits, cross-training of personnel and identification of potential roadblocks to third-party approvals.

The report contains an introduction and separate chapters for each area of review. Within each chapter, we state each standard, supporting standard and indicator, describe GPA's action in relation thereto and state our conclusion as met, partially met, or not met. At the end of each chapter, we state our conclusion as to whether GPA is ready to assume IWPS responsibility for that area. Appendix A is an updated financial analysis that calculates financial ratio performance of other municipal utilities. This "peer group" analysis permits us to evaluate the reasonableness of the financial standards.

SPEAKER DON PARKINSON
23RD GUAM LEGISLATURE
424 W. O'BRIEN DRIVE - JULALE CENTER, SUITE 222
AGANA, GUAM 96910

SPEAKER and CHAIRPERSON, COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION

**PUBLIC HEARING
WITNESS SIGN-IN SHEET**

DATE: Friday, March 31, 1995

TIME: 1:00 p.m.

PLACE: Legislative Public Hearing Room, Guam Legislature, 155 Hesler Street, Agana.

RE: **Bill No. 176:** AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES.

<u>NAME:</u>	<u>DEPT./AGENCY:</u>	<u>TESTIMONY ORAL/WITTEN:</u>	<u>FOR/AGAINST:</u>
<u>Rich Unperaco</u>	<u>GPA</u>	<u>/</u>	<u>/</u>
<u>Sonny Stanton</u>	<u>GPA</u>	<u>✓</u>	<u>✓</u>
<u>G.M. Craft</u>	<u>Navy PUC</u>	<u>Submitted</u>	
<u>Terrance Brooks</u>	<u>PUC</u>	<u>Written Testimony</u>	
		<u>Submitted</u>	
		<u>Written Testimony</u>	

PACIFIC DAILY NEWS, Friday, March 31, 1995

TWENTY-THIRD GUAM LEGISLATURE

NOTICE OF PUBLIC HEARING

**SPEAKER DON PARKINSON
CHAIRPERSON**

**COMMITTEE ON ELECTRICAL POWER
AND CONSUMER PROTECTION**

**1:00 PM, FRIDAY, MARCH 31, 1995
LEGISLATIVE PUBLIC HEARING ROOM
TEMPORARY LEGISLATIVE BUILDING,
155 HESLER STREET, AGANA, GUAM**

AGENDA

BILL NO. 94: AN ACT TO AMEND 12 GCA SECTION 12004 BY ADDING A PARAGRAPH AT THE END THEREOF TO PROVIDE THAT THE PUBLIC UTILITIES COMMISSION MAY CONSIDER EVIDENCE IN TESTIMONY PRESENTED BY MEMBERS OF THE GENERAL PUBLIC AT ANY HEARING REGARDING RATES AND RATE CHANGES.

BILL NO. 176: AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES.

GENERAL OVERSIGHT OF THE GUAM POWER AUTHORITY.

THE PUBLIC IS INVITED TO TESTIFY.

SPEAKER DON PARKINSON
 23RD GUAM LEGISLATURE
 424 W. O'BRIEN DRIVE - JULALE CENTER, SUITE 222
 AGANA, GUAM 96910

SPEAKER and CHAIRPERSON, COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION

April 5, 1995

Senator Judith Won Pat-Borja
 Legislative Secretary
 23rd Guam Legislature
 Temporary Building
 155 Hesler St.
 Agana, Guam 96910

Dear Senator Won Pat-Borja,

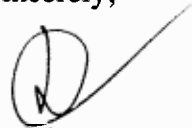
The Committee on Electrical Power and Consumer Protection wishes to report out its findings on **BILL NO. 94: AN ACT TO AMEND 12 GCA SECTION 12004 BY ADDING A PARAGARPH AT THE END THEREOF TO PROVIDE THAT THE PUBLIC UTILITIES COMMISSION MAY CONSIDER EVIDENCE IN TESTIMONY PRESENTED BY MEMBERS OF THE GENERAL PUBLIC AT ANY HEARING REGARDING RATES AND RATE CHANGES.**

The Committee's Voting Record is as follows:

TO PASS:	<u>8</u>
NOT TO PASS:	<u>0</u>
ABSTAIN:	<u>0</u>
TO PLACE IN INACTIVE FILE:	<u>0</u>

A copy of the Committee Report and other pertinent information are attached for your information.

Sincerely,





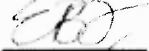




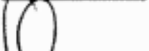
Speaker Don Parkinson
 Chairman, Committee on
 Electrical Power and
 Consumer Protection

SPEAKER DON PARKINSON
 23RD GUAM LEGISLATURE
 424 W. O'BRIEN DRIVE - JULALE CENTER, SUITE 222
 AGANA, GUAM 96910

SPEAKER and CHAIRPERSON, COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION

VOTING SHEET ON:

BILL NO. 94: AN ACT TO AMEND 12 GCA SECTION 12004 BY ADDING A PARAGRAPH AT THE END THEREOF TO PROVIDE THAT THE PUBLIC UTILITIES COMMISSION MAY CONSIDER EVIDENCE IN TESTIMONY PRESENTED BY MEMBERS OF THE GENERAL PUBLIC AT ANY HEARING REGARDING RATES AND RATE CHANGES.

<u>COMMITTEE MEMBERS</u>	<u>INITIAL</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>ABSTAIN</u>	<u>TO PLACE IN INACTIVE FILE</u>
Speaker Don Parkinson		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Joe T. San Agustin		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Elizabeth Barrett-Anderson		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Anthony C. Blaz		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Felix P. Camacho		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Sonny L. Orsini		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Francis E. Santos		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sen. Antonio R. Unpingco		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<p align="center">SPEAKER DON PARKINSON 23RD GUAM LEGISLATURE 424 W. O'BRIEN DRIVE - JULALE CENTER, SUITE 222 AGANA, GUAM 96910</p>

<p align="center">SPEAKER and CHAIRPERSON, COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION</p>

REPORT OF THE COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION ON BILL NO. 94: AN ACT TO AMEND 12 GCA SECTION 12004 BY ADDING A PARAGRAPH AT THE END THEREOF TO PROVIDE THAT THE PUBLIC UTILITIES COMMISSION MAY CONSIDER EVIDENCE IN TESTIMONY PRESENTED BY MEMBERS OF THE GENERAL PUBLIC AT ANY HEARING REGARDING RATES AND RATE INCREASES.

PREFACE

The Committee on Electrical Power and Consumer Protection held a public hearing on March 31, 1995, at 1:00 p.m. in the Legislative Public Hearing Room at the Guam Legislature, Temporary Building in Agana to hear testimony on Bill No. 94: AN ACT TO AMEND 12 GCA SECTION 12004 BY ADDING A PARAGRAPH AT THE END THEREOF TO PROVIDE THAT THE PUBLIC UTILITIES COMMISSION MAY CONSIDER EVIDENCE IN TESTIMONY PRESENTED BY MEMBERS OF THE GENERAL PUBLIC AT ANY HEARING REGARDING RATES AND RATE CHANGES. Committee members present at the hearing were Speaker Don Parkinson, Chairperson, and members Senators Anthony C. Blaz, Felix P. Camacho, Francis E. Santos and Antonio R. Unpingco.

TESTIMONY

Written testimony in favor of this legislation was submitted to the Committee by Mr. Austin J. Shelton, Acting General Manager, Guam Power Authority, who also appeared before the Committee to give oral testimony; Mr. Roman L. Cepeda, General Manager, Guam Telephone Authority, and Mr. Terrance Brooks, Chairman, Public Utilities Commission.

Speaker Parkinson stated that the Public Utilities Commission had submitted written testimony in favor of the Bill No. 94, however it was the PUC's position that the bill was redundant to rules and procedure that the PUC had established. Speaker Parkinson indicated that though this issue has been addressed by the PUC, it was still necessary that this legislation ensure that the general public have an opportunity to provide evidence that is credible to rates and rate changes. He stated that in the past it was the PUC's position that though members of the general public presented relevant and factual testimony it was not taken into account as evidence by the PUC in rate hearings.

Mr. Shelton stated that the Guam Power Authority was in full support of Bill No. 94. He indicated that it has been GPA's experience that the opportunity for the public to present testimony has been mutually beneficial for GPA and the PUC. "Since GPA is owned by the people, their input into the rate hearing process is similar to stockholder providing their opinions to management," Mr. Shelton reiterated.

Mr. Roman Cepeda submitted written testimony supporting Bill No. 94 on behalf of the Guam Telephone Authority. It was GTA's position that the bill would allow members of the public the opportunity to be effective contributors in the rate making process.

FINDINGS AND RECOMMENDATIONS

The Committee on Electrical Power and Consumer Protection finds that it is in the best interest of the utility consumers that their relevant and factual testimonies be considered as credible evidence in any hearing regarding rates and rate changes. All testimony presented before the

Committee was in support of the intent of Bill No. 94. The Committee finds no reason why Bill No. 94 should not be passed by the Twenty-Third Guam Legislature.

Accordingly, based on the testimonies presented before the Committee on Electrical Power and Consumer Protection, the Committee recommends that the Twenty-Third Guam Legislature pass **BILL NO. 94: AN ACT TO AMEND 12 GCA SECTION 12004 BY ADDING A PARAGRAPH AT THE END THEREOF TO PROVIDE THAT THE PUBLIC UTILITIES COMMISSION MAY CONSIDER EVIDENCE IN TESTIMONY PRESENTED BY MEMBERS OF THE GENERAL PUBLIC AT ANY HEARING REGARDING RATES AND RATE CHANGES.**

Attachments: Committee on Rules referral of Bill No. 94
BBMR Fiscal Note on Bill No. 94
Written Testimony from Terrance Brooks, Chairman, PUC
Written Testimony from Austin J. Shelton, General Manager, GPA
Written Testimony from Roman L. Cepeda, Chairman, GTA
Witness Sign-in Sheet: Bill No. 94
Public Hearing Notice: Bill No. 94



COMMITTEE ON RULES

Twenty-Third Guam Legislature
155 Hesler St., Agana, Guam 96910

M. TENORIO
RECEIVED
2/3
9:15M

February 3, 1995

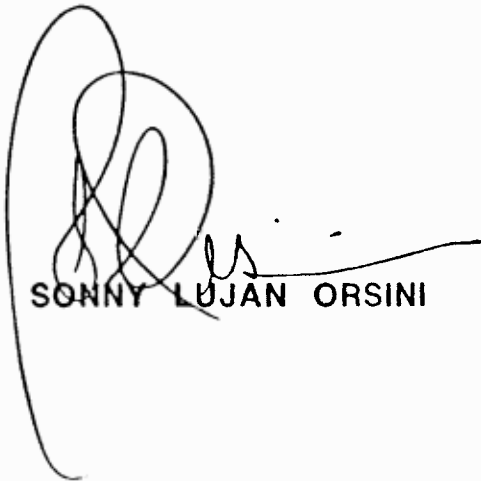
MEMORANDUM

TO: Chairperson, Committee on Electrical Power and
Consumer Protection

FROM: Chairman, Committee on Rules

SUBJECT: Referral - Bill No. 94

The above Bill is referred to your Committee as the principal committee. Please note that the referral is subject to ratification by the Committee on Rules at its next meeting. It is recommended you schedule a public hearing at your earliest convenience.



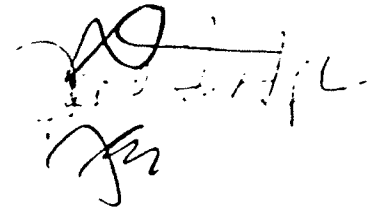
SONNY LUJAN ORSINI

Attachment

TWENTY-THIRD GUAM LEGISLATURE
1995 (FIRST) REGULAR SESSION

Bill No. 94
Introduced By:

D. Parkinson



AN ACT TO AMEND 12 GCA SECTION 12004 BY ADDING A PARAGRAPH AT THE END THEREOF TO PROVIDE THAT THE PUBLIC UTILITIES COMMISSION MAY CONSIDER EVIDENCE IN TESTIMONY PRESENTED BY MEMBERS OF THE GENERAL PUBLIC AT ANY HEARING REGARDING RATES AND RATE CHANGES.

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

1 Section 1: Section 12004 of Chapter 12 of Guam Code Annotated is hereby amended by adding a
2 paragraph at the end of said section to read as follows: with all other previous first two paragraphs now existing
3 in said section 12004 to remain intact and unchanged:

4 *At any public hearing concerning the establishment or modification of any rate the commission
5 may consider any factual testimony and evidence presented by the general public. In addition, any
6 member of the public may witness at such public hearing, upon a timely application made to the
7 commission. The commission, in determining whether a member of the public may be allowed to present
8 witnesses shall take in to account offer a proof to be filed with the application for such privilege and
9 determine whether the proof offered would add anything to the proceedings. The request to present
10 witnesses may be denied if the commission finds that such action is of a dilatory nature or would
11 otherwise impede the operations of the commission unduly. The right to present evidence and witnesses
12 shall be liberally granted as long as such activity would not unduly impede the activities of the
13 commission or delay the decision making process of the commission. Nothing herein shall prevent any
14 witness from testifying at a public hearing on his own behalf and presenting any type of documentary or

15 physical evidence at the time of testimony which may be relevant to the matter before the commission.
16 The commission shall give such weight to the testimony and evidence presented by the general public as
17 it gives to evidence presented by the participants before the Public Utility Commission in the docket
18 concerned and shall hold the evidence presented by the general public to the same criteria, the same
19 standards of proof, and the same rules of evidence as would be applicable to a participant. Any
20 participant may make objections to the introduction of evidence by any member of the general public
21 upon any grounds which would be appropriate if such evidence were being presented by a participant to
22 the proceedings. The commission may allow cross-examination of witnesses by participants to the
23 proceedings and may, if appropriate, allow participants an opportunity to refute evidence presented by
24 the general public if the interests of justice so require. "

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35 F:\23\Bills\PLUCPH.bil\jlg



BUREAU OF BUDGET & MANAGEMENT RESEARCH
OFFICE OF THE GOVERNOR, Post Office Box 2950, Agaña, Guam 96910

CARL F. C. CUTIERREZ
GOVERNOR

MADELINE Z. BORDALLO
LT. GOVERNOR

JOSEPH E. RIVERA
DIRECTOR

FRANCES J. BALAJADIA
DEPUTY DIRECTOR

The Bureau requests that Bill No(s). 94 be granted a waiver pursuant to Public Law 12-229 for the following reasons:

Although existing procedural rules of the Public Utilities Commission allow public participation during hearings, Bill No. 94 would require greater procedural right to participation in the Commission hearings.

The effect of Bill No. 94 is administrative in nature and does not pose a fiscal impact on the General Fund.

for Frances J. Balajadia
JOSEPH E. RIVERA,
Acting Director



**PUBLIC UTILITIES COMMISSION
OF THE TERRITORY OF GUAM**

Terrence M. Brooks, Chairman
Raymond K.S. Lum, Vice-Chairman
Vicente D. Gumataotao, Member
Mary Louise Anderson, Member
Kathleen M. Perez, Member
Kaleo S. Moylan, Member

SUITE 400 G.C.I.C. BUILDING
P.O. BOX 882
AGANA, GUAM 96910
TELEPHONE: 477-9708/472-8868
FAX: (671) 477-0783/2511

Harry M. Boertzel, Esq.
Administrative Law Judge

Joseph A. Calvo, Esq.
Assistant Administrative
Law Judge

March 27, 1995

HAND DELIVER

Speaker Don Parkinson
23RD GUAM LEGISLATURE
424 W. O'Brien Drive
Julale Center, Suite 222
Agana, Guam 96910

Dear Mr. Speaker:

With regard to your request for the Commission's comments about Bills 94 and 176:

1. Bill 94:

The Commission's current rules of procedure permit public participation in Commission evidentiary proceedings without need for formal intervention [Rule 20008.2]. As a matter of practice, the Commission also encourages public comment at every public evidentiary hearing. Accordingly, the Commission views Bill 94 as duplicative of existing Commission procedures. We would also note that 12 GCA § 12013 empowers the Commission to "establish its own procedures for the conduct of hearings and the admission of evidence".

On March 15, 1995 the Commission transmitted to you its FY94 annual report, which enclosed proposed, revised Commission rules of procedure. Proposed Rule 11 addresses participation in evidentiary proceedings without intervention. Should you conclude that the public requires greater procedural right to participate in Commission hearing than currently available under Commission procedure, we encourage you to address this concern as part of your review and approval of the Commission's proposed rules rather than through amendment of our enabling legislation.

2. Bill 176.

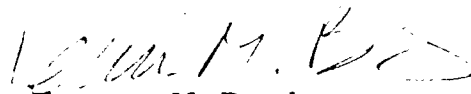
On March 3, 1995 the Commission transmitted to you its order approving proposed Amendment II to the Navy-GPA Customer Service Agreement, subject to

Speaker Don Parkinson
March 27, 1995
Page 2

conditions therein stated.

Please let me know if we can be of further assistance with regard to these matters.

Cordially,



Terrence M. Brooks

TMB/kw
D#SP.27M
DIR.HMBLTRS

Enclosure:

1. Rule 2000.8.2
Rule 11

CC: PUC Commissioners

simplifying the issues; arranging for the exchange or proposed exhibits or prepared expert testimony; limitation of number of witnesses; and such other matters as may expedite orderly conduct and disposition of the proceeding.

Hearing:

20008. Notice.

(n) In any proceedings, including applications and complaints, where there shall be a public hearing, the Commission shall give notice of hearing, with the purpose stated thereof and the date, time, and place at which it will be held, by advertising not less than once in each of three weeks, in a newspaper of general circulation in Guam, the first publication being not more than twenty-one (21) days before the scheduled hearing, and the last publication being not less than two (2) days before the scheduled hearing.

(b) In addition to the notice required by this rule, parties shall provide such notice of hearing as the presiding officer may designate. Sample copies of the notices shall be filed at or before the hearing.

20008.1. Intervention. In a proceeding, petitions to intervene and become a party thereto shall be in writing, shall set forth the grounds of the proposed intervention, and the position and interest of the petitioner in the proceeding. Such a petition shall be served and filed by petitioner at least five (5) days before the proceeding is called for hearing, except for good cause shown. If petitioner seeks a broadening of the issues and shows that they would not thereby be unduly broadened, then the petition shall be served and filed by petitioner at least ten days, and the parties may serve and file replies at least five days, before the matter is called for hearing.

Leave will not be granted except on averments which are reasonably pertinent to the issues already presented, but do not unduly broaden them. If leave is granted, the petitioner thereby becomes an intervener and a party to the proceeding to the degree indicated by the order allowing intervention, or by the presiding officer at the hearing.

20008.2. Participation Without Intervention. In an application proceeding, an appearance may be entered at the hearing without filing a pleading if there is full disclosure of the persons or entities in whose behalf the appearance is to be entered; if the interest of such persons or entities in the proceeding and the position intended to be taken are stated fairly; and, if the contentions will be reasonably pertinent to the issues already presented and any right to broaden them unduly is disclaimed.

A person or entity in whose behalf an appearance is entered in this manner becomes a party to and may participate in the

proceeding to the degree indicated by the presiding officer.

20008.3. Motion to Dismiss. A motion to dismiss (other than a motion based upon a lack of jurisdiction) any proceeding before this Commission, which is based upon the pleadings or any matter occurring before the first day of hearing may only be made upon five (5) days' written notice thereof duly filed and served upon all parties to the proceeding and all other parties upon whom service of copies of the pleadings are therein shown to have been made.

20008.4. Order of Procedure. The complainant, applicant, or petitioner shall open and close hearings on complaints, applications, and petitions.

Subpoenas:

20009. Issuance. Request for subpoenas and subpoenas duces tecum may be made to the Commission, Presiding Officer, or the Administrative Law Judge.

20009.1. Contents and Service. Subpoena or subpoena duces tecum shall only be served on behalf of a party. Before service, all appropriate portions of the subpoena or subpoena duces tecum shall be completed, and the name, address, and telephone number of the requesting party shall be included. Service of subpoenas or subpoenas duces tecum shall be in accordance with the provisions of the Code of Civil Procedure.

20009.2. Affidavit in Support of Subpoena Duces Tecum. A copy of an affidavit shall be served with a subpoena duces tecum showing good cause for the production of the matters described in such subpoena, specifying the exact matters desired to be produced, setting forth in full detail the relevance thereof to the issues involved in the proceeding, and stating that the witness has the desired matters in his possession or under his control. The original affidavit in support of the subpoena duces tecum shall be filed prior to the time the documents are due to be produced.

20009.3. Motions to Quash or for Protective Orders. An original and one copy of a motion to quash a subpoena or subpoena duces tecum or for a protective order may be filed prior to the time that appearance or production is required. A certificate of service indicating service on the party who obtained the subpoena or subpoena duces tecum shall accompany the motion. The presiding officer may require service on additional parties. The presiding officer shall then give such notice of the procedure he intends to follow on the motion as time permits. If no notice is feasible, argument on the motion shall be heard at the time that appearance or production is required.

If time does not permit filing a motion, it may be submitted to the presiding officer or made orally at a hearing. Motions must

be afforded to any such party and the Commission staff.

Rule 10. Action by Commission.

As soon as practicable after expiration of the time for filing answer to a petition for intervention, the ALJ will grant or deny the petition in whole or in part, or if found to be appropriate may authorize limited participation. A person granted leave to intervene in whole or in part is an intervenor and shall be a party to the proceeding. The granting of a petition to intervene in whole or in part is not recognition that the intervenor may have rights to appeal from any order of the Commission entered in that proceedings, except as otherwise provided by law.

Rule 11. Participation Without Petition for Intervention.

(a) A person may appear in a proceeding before the Commission in lieu of a formal petition to intervene, if there is full disclosure of the identity of the person whose appearance is to be entered; the interest of such person in the proceeding and the position intended to be taken are fully and fairly stated; and the contentions of such person will be reasonably pertinent to the issues already presented and any right to broaden the issues unduly is disclaimed.

(b) An appearance under this rule entitles the person to make a statement of his position at a time during the hearing designated by the ALJ, with notice to all parties, and subject to such conditions as may be made by the ALJ; provided, however, that such person shall not be regarded as a party.

PART 3. COMPLAINTS

Rule 12. Contents and Kinds.

(a) A complaint shall be limited to matters involving alleged unlawful or unreasonable acts, practices or omissions of a utility. A complaint may be either formal or informal and may be made by a person having good or sufficient reason therefor or by the Commission on its own motion.

(b) An informal complaint shall be in writing and signed by complainant, and contain a concise statement of the facts involved and the name and address of the complainant and the party complained against. The Commission will attempt to settle problems arising under an informal complaint without formal action when possible.



GUAM POWER AUTHORITY

ATURIDÁT ILEKTRESEDÁT GUAHAN
P.O. BOX 2977 • AGANA, GUAM U.S.A. 96910-2977

March 28, 1995

The Honorable Don Parkinson
Speaker, 23rd Guam Legislature
424 W. O'Brien Drive
Julale Center, Suite 222
Agana, Guam 96910

Dear Senator Parkinson,

The Guam Power Authority (GPA) is pleased to offer testimony on proposed bill 94 which provides for public testimony at all Public Utility Commission (PUC) rate hearings. GPA supports the positive intent of this bill. It is GPA's experience in the rate hearings over the past years that the opportunity for the public to provide testimony has been mutually beneficial to both the PUC and GPA. Since GPA is owned by the people, their input into the rate hearing process is similar to having stockholders providing their opinions to management.

In summary, GPA is in full support of continuing to have public input into the rate hearing process and therefore supports proposed bill 94.

Should you have any further questions, my staff and I will do our best to provide satisfactory answers.

Sincerely,

A.J. Sonny Shelton
Acting General Manager

GTA

Guam Telephone Authority

Post Office Box 9008 • Tamuning, Guam 96931 • Telephone: 646-8607 • Fax: 649-4821

March 31, 1995

Honorable Don Parkinson
Speaker 23rd Guam Legislature
424 W. O'Brien Drive
Julale Center, Suite 222
Agana, Guam 96910

RE: WRITTEN TESTIMONY IN SUPPORT OF PASSAGE OF
BILL NO. 94, AN ACT TO PROVIDE THAT PUC MAY
CONSIDER EVIDENCE IN TESTIMONY PRESENTED
BY MEMBERS OF THE GENERAL PUBLIC AT ANY
HEARING REGARDING RATES AND RATE CHANGES.

Dear Mr. Speaker and Chairperson:

My name is Roman L. Cepeda, Chairman, Board of Directors,
Guam Telephone Authority (GTA).

I am submitting this written testimony supporting passage
of Bill No. 94 in response to your request of March 23, 1995,
that I or a representative appear at the public hearing of
said bill.

Meaningful public participation in government affairs
has always been recognized as one of the most cherished rights
in a democracy. Our Open Government Law is an example that
in Guam we want the public to be informed and have the
oppurtunity to be present when public agency meet to decide
public policy.

Bill 94 allows the Public Utilities Commission to permit
a member of the general public to testify and present evidence
at rate hearings including presenting other witnesses. This
allows members of the public the oppurtunity to be effective
contributors in the rate making process.



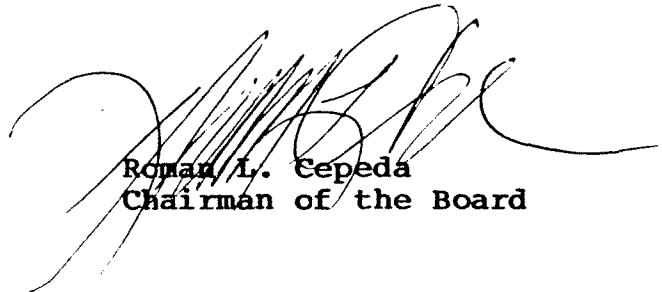
Commonwealth Now!

Honorable Don Parkinson
Speaker 23rd Guam Legislature
March 31, 1995
Page 2

The possibility of abusing the privilege for the sole purpose of delaying action is present, however, the bill sufficiently protects against it.

Again, GTA supports passage of Bill 94. I want to thank you and the members of the Committee of Electrical Power and Consumer Protection for inviting me and GTA to participate in the hearing process.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Roman L. Cepeda', is written over the typed name and title.

Roman L. Cepeda
Chairman of the Board

SPEAKER DON PARKINSON
 23RD GUAM LEGISLATURE
 424 W. O'BRIEN DRIVE - JULALE CENTER, SUITE 222
 AGANA, GUAM 96910

SPEAKER and CHAIRPERSON, COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION

**PUBLIC HEARING
 WITNESS SIGN-IN SHEET**

DATE: Friday, March 31, 1995

TIME: 1:00 p.m.

PLACE: Legislative Public Hearing Room, Guam Legislature, 155 Hesler Street, Agana.

RE: **Bill No. 94:** AN ACT TO AMEND 12 GCA SECTION 12004 BY ADDING A PARAGRAPH AT THE END THEREOF TO PROVIDE THAT THE PUBLIC UTILITIES COMMISSION MAY CONSIDER EVIDENCE IN TESTIMONY PRESENTED BY MEMBERS OF THE GENERAL PUBLIC AT ANY HEARING REGARDING RATES AND RATE CHANGES.

<u>NAME:</u>	<u>DEPT./AGENCY:</u>	<u>TESTIMONY</u>		<u>FOR/AGAINST:</u>
		<u>ORAL:</u>	<u>WRITTEN:</u>	
<u>SUNNY SHELTON</u>	<u>GPA</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<u>RICK UNPINGCO</u>	<u>GPA</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<u>ROMAN L. CEREDA</u>	<u>GTA</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<u>CARL PLEON GUERRERO</u>	<u>GTA</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Terrance Brooks</u>	<u>PUC</u>	<u>Submitted Written testimony</u>		<input type="checkbox"/>

PACIFIC DAILY NEWS, Friday, March 31, 1995

TWENTY-THIRD GUAM LEGISLATURE

NOTICE OF PUBLIC HEARING

**SPEAKER DON PARKINSON
CHAIRPERSON**

**COMMITTEE ON ELECTRICAL POWER
AND CONSUMER PROTECTION**

**1:00 PM, FRIDAY, MARCH 31, 1995
LEGISLATIVE PUBLIC HEARING ROOM
TEMPORARY LEGISLATIVE BUILDING,
155 HESLER STREET, AGANA, GUAM**

AGENDA

BILL NO. 94: AN ACT TO AMEND 12 GCA SECTION 12004 BY ADDING A PARAGRAPH AT THE END THEREOF TO PROVIDE THAT THE PUBLIC UTILITIES COMMISSION MAY CONSIDER EVIDENCE IN TESTIMONY PRESENTED BY MEMBERS OF THE GENERAL PUBLIC AT ANY HEARING REGARDING RATES AND RATE CHANGES.

BILL NO. 176: AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES.

GENERAL OVERSIGHT OF THE GUAM POWER AUTHORITY.

THE PUBLIC IS INVITED TO TESTIFY.

TWENTY THIRD GUAM LEGISLATURE
1995 (FIRST) REGULAR SESSION

Introduced

MAR 13 1995

Bill No. 176(LS)
Introduced By:

D. P. ~~King~~ *[Signature]*
[Signature]
AEBLAZ
[Signature]
[Signature]
2.C.C.R.
[Signature]
Carlotta Leon-Correa *[Signature]*

AN ACT TO APPROVE THE PROPOSED AMENDMENT II TO THE CUSTOMER SERVICE AGREEMENT (CSA) WHICH ALLOWS FOR TRANSFER OF LAND BEFORE CLEANUP IS COMPLETE AS IS BEING DONE AT NAVAL AIR STATION; ALLOWS NAVY TO CONTINUE TO PROVIDE SERVICES THAT THE GUAM POWER AUTHORITY MAY NOT BE ABLE TO PROVIDE AFTER THE TERMINATION OF THE INTERIM PERIOD; RELAXES THE REQUIREMENTS FOR TERMINATION OF THE INTERIM PERIOD; AND TRANSFERS ADDITIONAL LANDS AND ALLOWS FOR FUTURE TRANSFERS OF FACILITIES

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

2 Section 1. Legislative findings and intent. The Legislature finds pursuant to the
3 provisions of Public Law 21-112, Section 4 any changes to the Customer Service
4 Agreement between the Guam Power Authority and the U. S. Navy must be approved by
5 the Legislature and the Public Utilities Commission. The Legislature further finds that the
6 U. S. Navy and GPA have agreed to amend the CSA pursuant to Section 15.1 of the
7 CSA.

8 **WHEREAS**, Section 111 of Public Law 100-202 authorizes the Navy to transfer
9 to GPA, Navy owned electric power generation, transmission and distribution facilities
10 and equipment specified in Table 3 of the Agreement; and

11 **WHEREAS**, such transfer made be made when GPA meets all performance
12 standards listed in the August, 1986 independent third party plan, (which standards are
13 contained in Appendix "A" to the Agreement) or other performance standards mutually
14 agreed upon by GPA and Navy; and

1 **WHEREAS**, the independent third party evaluation for fiscal year 1993 concluded
2 that all but one of the performance standards were met; and

3 **WHEREAS**, GPA and Navy recognize that the environmental remedial actions
4 required by Section 3.10 of the Agreement (added by Amendment I) and any other
5 applicable federal law may be a lengthy process, thereby delaying the final transfer of
6 Navy owned real property; and

7 **WHEREAS**, at the termination of the interim period, GPA may be incapable of
8 assuming some of the services currently provided by Navy under Section 3.5 of the
9 Agreement.

10 **Section 2.** The GPA and Navy agree that Customer Service Agreement should be
11 amended with a new subsection added to section 3.3 to read as follows:

12 “3.3.1 GPA will assume all rights and duties of ownership of the joint use
13 real property assets upon termination of the interim period and will pay no fee
14 therefore, reserving unto Navy the right to continued use of easements, licenses,
15 accesses, and other property transfer documents. Real estate documents such as
16 deeds and easements which are necessary to convey title to Navy-owned joint use
17 assets will be prepared and executed upon their certification in accordance with
18 section 3.10 an as soon as practicable after the termination of the interim period.”

19
20
21 **Section 3.** Section 3.2 is amended to read:

22 “3.2. At the termination of the interim period, Navy has no further
23 obligation to provide the interim period services to the IWPS as described under
24 this Article. Upon written agreement between the parties, Navy may agree to
25 continue to provide individual services as listed under section 3.5 until GPA is
26 capable of providing them independently.”

1 **Section 4.** Section 3.8 will be amended to read:
2

3 “3.8. At the termination of the interim period, Navy has no further
4 obligation to provide the interim period services to the IWPS as described under
5 this Article. Upon written agreement between the parties, Navy may agree to
6 continue to provide individual services as listed under section 3.5 until GPA is
7 capable of providing them independently.”
8

9 **Section 5.** Section 7.4 is amended by deleting “7.4.3” and inserting “7.4.4” in
10 the first paragraph.
11

12 **Section 6.** A new Subsection 7.4.4 is added and reads:

13 “7.4.4 Navy and GPA mutually agree that GPA assume responsibility for
14 the IWPS whether or not all the performance standards have been met under the
15 following conditions:

16 That GPA fully complies with a substantial number of the
17 performance standards contained in Appendix A;

18 That GPA substantially complies with the remaining performance
19 standards; and,

20 That the termination of the interim period is in the best interests of
21 Navy and GPA considering the present and the future ability of GPA to
22 operate the IWPS.”

23 **Section 7.** Table 3 is amended to add the following:
24

1 “27. The land designated as the Apra Heights Substation property.”

2 “28. The land and easements used by the Cabras-Agana 115 kv
3 transmission lines.”

4

5 **Section 8.** A new subsection 9.7 is added to Article 9 that reads:

6 “9.7 In addition to the 13.8 kv facilities to be transferred in accordance
7 with Article 9.6, GPA and Navy mutually agree to transfer from time-to-time other
8 Navy electrical power facilities the Navy considers excess to their needs and GPA
9 agrees are useful to its customers.

10

11 **Section 9.** All other provisions of the Agreement shall remain in force and effect
12 to the extent modified by this amendment.

13

14 **Section 10.** Notwithstanding any other points of law, and the Amendment having
15 been requested by the Navy and agreed to by GPA, and when approved by the
16 Public Utilities Commission, the action requested herein is approved and will be in
17 effect when this Act is signed into law.

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