



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

FEB 16 1998

Refer to
Legislative Secretary

The Honorable Antonio R. Unpingco
Speaker
Twenty-Fourth Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT
Received By <u>Joni Amantante</u>
Time <u>3:46 p.m.</u>
Date <u>2-19-98</u>

Dear Speaker Unpingco:

Enclosed please find a copy of Substitute Bill No. 426 (COR), "AN ACT TO AMEND P.L. NO. 24-31, RELATIVE TO CLASSIFYING UNAUTHORIZED ELECTRICAL CONNECTIONS AS THEFT, AND TO ADOPT PROPOSED FINES AND PENALTIES FOR SUCH HOOK-UPS", which I have signed into law as **Public Law No. 24-126**.

Last year, the Guam Power Authority drafted, and the Administration transmitted to the Legislature, a draft bill classifying unauthorized electrical connections as theft of electrical power. The Legislature passed Substitute Bill No. 140 which became Public Law No. 24-31 instead. Public Law No. 24-31 contained some confusing language, however, it was believed to be workable.

This legislation is designed to clarify the penalties applicable to the offense of theft of electrical power. It also lengthens the time frame in which the Guam Power Authority is to educate the public on this problem and correct improper hookups at the request of power customers.

Very truly yours,


Carl T. C. Gutierrez

Attachment 00657

cc: The Honorable Joanne M. S. Brown
Legislative Secretary

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 2-19-98
Time: 1425
Rec'd by: [Signature]
Print Name: Charles Duran

TWENTY-FOURTH GUAM LEGISLATURE
1998 (SECOND) Regular Session


CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 426 (COR), "AN ACT TO AMEND P.L. NO. 24-31, RELATIVE TO CLASSIFYING UNAUTHORIZED ELECTRICAL CONNECTIONS AS THEFT, AND TO ADOPT PROPOSED FINES AND PENALTIES FOR SUCH HOOK-UPS," was on the 5th day of February, 1998, duly and regularly passed.




ANTONIO R. UNPINGCO
Speaker

Attested:



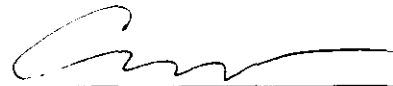
JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by the Governor this 6th day of February, 1998, at
11:10 o'clock 9 .M.



Assistant Staff Officer
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ
Governor of Guam

Date: 2-16-98

Public Law No. 24-126

TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session

Bill No. 426 (COR)

As substituted on the Floor.

Introduced by:

Felix P. Camacho
L. F. Kasperbauer
E. I. Cruz
T. C. Ada
F. B. Aguon, Jr.
E. Barrett-Anderson
A. C. Blaz
J. M.S. Brown
Francisco P. Camacho
M. C. Charfauros
W. B.S.M. Flores
Mark Forbes
A. C. Lamorena, V
C. A. Leon Guerrero
L. Leon Guerrero
V. C. Pangelinan
J. C. Salas
A. L.G. Santos
F. E. Santos
A. R. Unpingco
J. Won Pat-Borja

AN ACT TO AMEND P.L. NO. 24-31, RELATIVE TO
CLASSIFYING UNAUTHORIZED ELECTRICAL
CONNECTIONS AS THEFT, AND TO ADOPT
PROPOSED FINES AND PENALTIES FOR SUCH
HOOK-UPS.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

1 **Section 1. Legislative Statement.** The Guam Power Authority
2 (“GPA”) has submitted the proposed fine and penalty schedule to the Speaker
3 of the Guam Legislature on July 1, 1997, pursuant to Section 7 of Public Law
4 Number 24-31, and seeks to amend and clarify certain provisions of the Act.

5 **Section 2.** Section 4(b) of Public Law Number 24-31 is hereby repealed
6 and reenacted to read as follows:

7 **“(b) Unauthorized Electrical Connections; Bypass or**
8 **Obstruction of Meter.** Every user, contractor or business who
9 shall unlawfully and knowingly injure, alter, or procure to be injured,
10 make or cause to be made any connection in any manner whatsoever
11 with any electric wire or electric appliance of any character whatsoever
12 operated by any user, users, corporations or government entities
13 authorized to generate, transmit and sell electric current, or who shall so
14 willfully and knowingly with intent to injure or defraud, use or cause to
15 be used any such connection in such manner as to supply any electric
16 current for heat or light or power to any electric lamp, apparatus or
17 device, by, or at which electric current is consumed or otherwise used or
18 wasted, without passing through a meter for the measuring and
19 registering of the quantity passing through such electric wire or
20 apparatus, or who shall, knowingly or with like intent injure, alter or
21 procure to be injured or altered any electric meter, or obstruct its
22 working, or procure the same to be tampered with or injured, or use or
23 cause to be used any electric meter, or appliance so tampered with or
24 injured, shall be deemed guilty of a theft constituting a felony in the
25 third degree, and shall be subject to any and all fines, penalties and

1 terms of imprisonment applicable by law, as well as any and all fines
2 payable to the Guam Power Authority.”

3 **Section 3.** Section 5 of Public Law Number 24-31 is hereby repealed
4 and reenacted to read as follows:

5 **“Section 5. Education and Amnesty Period.** This Section
6 shall become effective forty-five (45) days after enactment of this Act to
7 allow for an educational period in which the Guam Power Authority
8 (‘GPA’) shall conduct a public awareness campaign on the provisions of
9 this Act. In addition to the public awareness campaign, GPA shall issue
10 a notice containing the pertinent sections of this Act. This notice shall
11 be issued along with the regular power bill for the current billing period
12 along with the regular power bill for the current billing within the forty-
13 five (45) day educational period. There shall be an amnesty period of
14 ninety (90) days beginning after the expiration of the forty-five (45) day
15 educational period for users wishing for assistance in disconnection
16 and/or correction of conditions which are in violation of Section 2 of
17 this Act. Once a customer has reported to GPA that they are in violation
18 of this Act and requests assistance in correcting the conditions, it is the
19 responsibility of GPA to correct the conditions without any penalty to
20 the customer.”

21 **Section 4.** Section 7 of Public Law Number 24-31 is hereby repealed
22 and reenacted to read as follows:

23 **“Section 7. Fines or Penalties for Unauthorized Electrical**
24 **Connections.**

1 Every user contractor or business who knowingly taps into, tampers
2 with, alters or by-passes electrical meters in accordance with the
3 provisions set forth in Section 2 of Public Law Number 24-31, and
4 Section 2 of this Act, shall be subject to penalties that will be calculated
5 at twice the amount of the estimated value of the power utilized by the
6 illegal power connection, as determined by the provisions set forth in
7 Section 5 of this Act. Said penalties are exclusive of the estimated value
8 of the power, utilized by the illegal connection, that is due and payable
9 to the GPA in accordance with the provisions set forth in Section 5 of
10 this Act pertaining to backbilling. The General Manager of GPA may
11 formulate a payment schedule for a period of up to twenty-four (24)
12 months, in which imposed fines shall be paid along with regular power
13 bills, at twelve percent (12%) annual interest on the unpaid balance.
14 Any user who makes an unauthorized connection shall have GPA
15 service discontinued and shall be refused service until such time that
16 the aggregate amount in penalties are paid to or a payment schedule has
17 been arranged and approved by GPA.”

18 **Section 5.** Section 8 of Public Law Number 24-31 is hereby repealed
19 and reenacted to read as follows:

20 **“Section 8. Determination of Amount of Power Illegally**
21 **Used.** The Guam Power Authority (‘GPA’) shall determine the
22 estimated value of the power utilized by the illegal power connection,
23 or tampered meter, based upon the estimated time the illegal hook-up
24 was in place using average consumption figures for the type of
25 consumption of the illegal hook-up system-wide for all consumers of

1 that set rate schedule, taking into account usage of the premises,
2 number of occupants or users and the size of the building or area served
3 by such illegal hook-up. It shall be the burden of the recipient of the
4 illegal hook-up to establish that the estimated usage set forth by GPA is
5 incorrect. A possible method of determination of time period shall be
6 the verification of GPA records bill and KWH history so as to determine
7 when the location last paid for power at a normal level of consumption
8 notwithstanding other legislative provisions on backbilling. The
9 amount so determined shall be due and payable to GPA.”



GUAM LEGISLATURE

Senator Felix P. Camacho

Power, Foreign Affairs and General Government Services

50 Hesler Street
Agaña, Guam 96910
472-3505 ext. 6
472-9747

January 22, 1998

The Honorable Antonio R. Unpingco
Speaker
Twenty-Fourth Guam Legislature
155 Hesler Street
Agaña, Guam 96910

via: Committee on Rules

Dear Speaker Unpingco:

The Committee on Power, Foreign Affairs & General Government Services, to which was referred **Bill No. 426**, "An act to amend Public Law No. 24-31, relative to classifying unauthorized electrical connections as theft and to adopt proposed fines and penalties for such hook-ups." hereby reports back with the recommendation **TO DO PASS**.

Votes of committee members are as follows:

<u>11</u>	To Pass
<u> </u>	Not To Pass
<u> </u>	To The Inactive File
<u> </u>	Abstained
<u> </u>	Off-Island
<u>4</u>	Not Available

Sincerely,

SENATOR FELIX P. CAMACHO

Attachments

**COMMITTEE ON POWER, FOREIGN AFFAIRS
& GENERAL GOVERNMENT SERVICES
TWENTY-FOURTH GUAM LEGISLATURE
155 Hesler Street, Agana, Guam 96910**

Chairman: Senator Felix P. Camacho Vice Chairman: Senator Lawrence F. Kasperbauer
Ex-Officio Member: Speaker Antonio R. Unpingco

VOTING SHEET ON:

Bill No. 426, "An act to amend Public Law No. 24-31, relative to classifying unauthorized electrical connections as theft and to adopt proposed fines and penalties for such hook-ups."

<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>
Sen. Felix P. Camacho	<i>F</i>	✓			
Sen. Lawrence F. Kasperbauer	<i>LFK</i>	✗			
Sen. Thomas C. Ada					
Sen. Frank B. Aguon, Jr.	<i>FBA</i>	✓			
Sen. Elizabeth Barrett-Anderson	<i>EBA</i>	✓			
Sen. Francisco P. Camacho	<i>FPC</i>	✓			
Sen. Mark C. Charfauros	<i>MCC</i>	✓			
Sen. Edwardo J. Cruz, MD	<i>EJC</i>	✓			
Sen. William B. S.M. Flores	<i>WBF</i>	✓			
Sen. Carlotta A. Leon Guerrero	<i>CLG</i>	✓			
Sen. Alberto A.C. Lamorena V	<i>ALV</i>	✓			
Sen. Vicente C. Pangelinan					
Sen. Angel L.G. Santos					
Sen. Francis E. Santos	<i>FES</i>	✓			
Sen. Judith Won Pat-Borja					

COMMITTEE ON POWER, FOREIGN AFFAIRS
& GENERAL GOVERNMENT SERVICES
TWENTY-FOURTH GUAM LEGISLATURE
155 Hesler Street, Agana, Guam 96910

COMMITTEE REPORT

ON

BILL NO. 426

“An Act to Amend Public Law No. 24-31, Relative to Classifying Unauthorized Electrical Connections as Theft and to Adopt Proposed Fines and Penalties for Such Hook-Ups.”

COMMITTEE MEMBERS

Chairman: Felix P. Camacho

Vice Chairman: Senator Lawrence F. Kasperbauer

Ex-Officio Member: Antonio R. Unpingco

Thomas C. Ada
Francisco P. Camacho
Edwardo J. Cruz, MD
Alberto A.C. Lamorena V
Vicente C. Pangelinan
Francis E. Santos
Frank B. Aguon, Jr.

Elizabeth Barrett-Anderson
Mark C. Charfauros
William B. S.M. Flores
Carlotta A. Leon Guerrero
Angel L.G. Santos
Judith Won Pat-Borja

COMMITTEE REPORT
POWER, FOREIGN AFFAIRS AND
GENERAL GOVERNMENT SERVICES

BILL NO. 426

“An Act to Amend Public Law No. 24-31, Relative to Classifying Unauthorized Electrical Connections as Theft and to Adopt Proposed Fines and Penalties for Such Hook-Ups.”

I. PUBLIC HEARING

The Committee on Power, Foreign Affairs & General Government Services (CPFA&GGS) held a public hearing on Bill No. 426 at 9:00 a.m. on Thursday, January 8, 1998 in the Public Hearing Room of the Temporary Guam Legislature. Notices were placed in the Pacific Daily News on 01/03/98, 01/04/98, and 01/06/98.

The hearing was called to order by Senator Felix P. Camacho, Chairman of CPFA&GGS. Members present included Vice-Chairman, Senator Lawrence F. Kasperbauer, Senators Thomas C. Ada, Vicente C. Pangelinan, Mark C. Charfauros, Francisco P. Camacho, Frank B. Aguon, Jr., Carlotta A. Leon Guerrero and Edwardo J. Cruz, MD. Senator Lou Leon Guerrero also joined the panel for the proceedings.

Present to testify were Mr. Diogenes L. Tamondong, Internal Auditor of the Guam Power Authority, Mr. Eloy P. Hara, Executive Director of the Civil Service Commission and Mr. Rumanio L.G. Quinata of Ipan, Talofofo.

II. BACKGROUND

Public Law 24-31 classifies theft of power (unauthorized electrical connections or “illegal hook-ups”) as a felony in the third degree. Said public law also authorizes the General Manager of the Guam Power Authority to formulate a penalty schedule for such thefts based upon a minimum of Two Thousand Five Hundred Dollars (\$2,500.00) up to a maximum of Twenty-five Thousand Dollars (\$25,000.00). Bill No. 426 was formulated to achieve such ends as a means of deterring such illegal activities, as well as to provide for the recovery of millions of dollars in lost revenue. The measure additionally improves upon existing language, and modifies the

provisions contained in Section 5, of Public Law 24-31, in relation to the educational campaign and amnesty period.

III. TESTIMONY

Mr. Diogenes Tamondong, Guam Power Authority (GPA) Internal Auditor, testified in support of Bill No. 426. He stated that as internal auditor of GPA, he established and launched the agency's Revenue Protection Services Program (program). The objectives of the program lie in the detection, investigation, and the implementation of corrective measures in relation to illegal and defective metering. The program serves as a deterrent, and seeks to ensure that those receiving unmetered service rightfully pay for such service. The program also allows GPA to recover millions in lost revenue, keep rates reasonable, and positively contribute to every honest rate payer.

He reported that between November 1995 through September 1996, seventy-six cases of unauthorized electrical use were reported, investigated and processed by GPA. Of the seventy-six, sixty-three of those cases were reported as thefts to the Guam Police Department. Since the implementation of the program, GPA recovered 2.2 million dollars through backbilling, and was able to institute corrective measures on power meters. In the period spanning January through September 30, 1997, GPA was able to recover 1.4 million dollars through the program.

He briefly outlined the two penalty schedules and said that both start at a minimum fine of two thousand five hundred dollars (\$2,500.00). Schedule I applies to residential users which include residential service, general service-non demand, private outdoor lighting, small government service-non demand. Schedule II applies to non-residential users, inclusive of general service demand, large government service, large power service, small government service-demand, navy service and street lighting. He explained that the penalties were the result of a collaborative effort between the customer service department and the management of GPA.

Mr. Tamondong informed the Committee that upon the signing of Bill No. 140 into law (P.L. 24-31), GPA has received numerous reports of cases involving meter tampering/"illegal hook-ups." Due to the fact that no penalty schedule has been implemented, fines could not be imposed. Because of this, he emphasized the importance of Bill No. 426 and, the need to immediately facilitate its passage into law.

Senator Felix P. Camacho inquired on whether GPA conducts a preliminary "approach" to a suspect customer before actually confronting the individual with

information relating that theft of power has been reported (so as to alleviate embarrassment, especially in cases where a report may prove to be erroneous). Mr. Tamondong said that once information is received concerning an individual who has committed theft of power, an investigator is assigned to review the subject account. A review of the KWH consumption history is conducted. If a noticeable decrease in consumption is observed, records on file are compared. If the fluctuation is decidedly suspect, an investigator is then detailed to inspect the meter. If tampering is evident, a report is submitted to the agency.

Senator Felix P. Camacho asked how the figures, contained in the penalty schedule, were devised. Mr. Tamondong stated that the customer services division of GPA based the fines on the estimated loss that would be incurred by the agency. He explained that both penalty schedules start at a minimum of a two thousand five hundred dollar (\$2,500.00) fine. Schedule I provides for a three hundred ninety-five dollar (\$395.00) increase in each penalty for every five hundred dollar (\$500.00) increment in lost revenue. Schedule II provides for a four hundred sixty dollar (\$460.00) increase in each penalty for every five hundred dollar (\$500.00) increment in lost revenue.

Senator Felix P. Camacho inquired on what the basis was in establishing a minimum penalty of two thousand five hundred dollars (\$2,500.00), and asked if additional costs involved, such as manpower and time lost, were figured into the amount. Mr. Tamondong stated that meter tampering/"illegal hook-ups" are difficult and complex to detect. In addition to the estimated loss that would be incurred as the result of such thefts, the agency also took into account the labor, equipment, investigative and administrative costs that would be incurred.

Senator Felix P. Camacho then inquired on the degree of difficulty involved in tampering with a meter so as to facilitate an "illegal hook-up." Mr. Tamondong stated that it is quite easy for a residential user, but very hazardous. The process, however, proves to be more difficult for non-residential users. For larger KWH consumers, an electrician or a contractor would be needed to tap/tamper with a meter. Senator Camacho then asked if GPA intends on imposing penalties on electricians/contractors involved in "illegal hook-ups." Mr. Tamondong stated that, presently, GPA's main concern is in the recovery of lost revenues through backbilling and penalties (to be imposed on the user). Senator Camacho expressed concern over the fact that no deterrence exists for electricians/contractors involved in theft of power. He recommended that this particular aspect be researched further.

Senator Carlotta A. Leon Guerrero stated that she was pleased to see GPA aggressively pursuing collections as well as determinedly establishing a public awareness campaign and a ninety (90) amnesty period. She went on to reiterate her

concern over the procedural approach, as stated by Senator Felix P. Camacho. She queried Mr. Tamondong on the length of time involved in investigating a report of theft of power. She cited an example wherein an indigent family may have a meter that has been slowed down for eight years. If investigations take months, GPA may encounter a situation in which the family may eventually owe an exorbitant amount in penalties. An amount that the family may not be able to pay. She went on to express concern over the fact that the language in the bill does not provide for latitude in which GPA would be able to waive large fines in a situation such as this.

Senator Lou A. Leon Guerrero questioned Mr. Tamondong on whether GPA is able to detect a situation in which a meter is entirely bypassed, and theft of power occurs. Mr. Tamondong explained that if a report is received, a review of the historical consumption of the user is conducted. Senator Lou Leon Guerrero further queried Mr. Tamondong, and specifically inquired on a situation in which newly built house is “hooked-up” to the power source, but bypasses the meter. Mr. Tamondong said that under the International Utility Revenue Protection Program, GPA has been able to attain equipment to detect theft of power in situations such as these.

Senator Edwardo J. Cruz, MD recommended that in addition to deterring theft of power, GPA should also aggressively pursue those government of Guam agencies who are “legally hooked-up,” and are in arrears. He reiterated the sentiments expressed by Senator Carlotta Leon Guerrero, in relation to indigent families who are unable to pay large amounts in penalties. He suggested that the measure provide for flexibility, in cases such as these, wherein the General Manager of GPA could exercise discretion in waiving penalties.

Senator Vicente C. Pangelinan stated that he was not in agreement with the penalty schedules devised by GPA. Upon review of the residential schedule, he stated that it appeared that with each increase in the computed estimated loss category, the penalties appeared less in amount (“the more you steal, the less you pay”). He pointed out that in Schedule I, if an individual stole between \$1.00 - \$500.00 in power, the penalty is actually five times the amount in penalties that an individual would have to pay for theft of power in the \$9,501.00 - \$10,000.00 range. It also appeared that individuals stealing \$10,000.00 in power would only be paying back that amount in penalties. Mr. Tamondong stated that the fines would be imposed in addition to amounts that would be recovered through backbilling. Senator Pangelinan emphasized the need for a fair and equitable scale that would reflect penalties befitting the severity of the theft. He further stated that commercial users involved in theft of power are actually “stealing for profit.” In addition to money generated through their businesses, they are not paying for power. He recommended that the two schedules provide for a more noted differentiation in penalties (stiffer penalties for non-residential users) and be thoroughly re-worked. He concluded by

saying that the authority should also do away with the maximum amount in the total computed estimated losses categories, otherwise, no penalty could be imposed on an individual who has stolen \$10,001.00, or more, in power (Schedule I). Senator Felix P. Camacho agreed with the points raised by Senator Pangelinan, and suggested that a percentage of the estimated loss be added to the base cost as a means of calculating a more equitable penalty schedule for both residential and non-residential customers.

Senator Frank B. Aguon, Jr. inquired on whether GPA has a mechanism in place whereby a determination can be made on the percentage of power consumed by billable users compared to total production and overall consumption by the community. Mr. Tamondong stated that GPA's accounting department produces reports called generation accounts that indicate how much is produced and sold. In studying the report, GPA is able to arrive at an overall figure in distribution losses. Senator Aguon then inquired on whether GPA could provide a percentage or an amount, in distribution losses, directly attributed by "illegal hook-ups." Mr. Tamondong stated that it would be difficult to determine the percentage of distribution losses caused by theft of power. He said distribution losses can be attributed to a number of factors, and cited examples such as delays in billing processes, or cases in which users have unregistered meters. Senator Aguon expressed concern regarding GPAs inability to specifically determine the amount of power lost as the result of meter tampering/"illegal hook-ups." He recommended that GPA establish a method by which such distribution losses be computed and traced on a daily basis.

Senator Francisco P. Camacho asked Mr. Tamondong how far back the billing history is traced once GPA has discovered that theft of power has occurred. Mr. Tamondong responded by saying that research is conducted as far back as the billing history exists. Senator Francisco Camacho said that he supports the intent of the measure, however, he shares the concerns raised by Senators Pangelinan and Aguon. He recommended that those issues be reviewed and addressed.

Senator Thomas C. Ada asked Mr. Tamondong for figures regarding both the national average and local average in losses attributed to "illegal hook-ups." Mr. Tamondong responded by saying that the acceptable U.S. average in distribution losses totals 4.5%. As of August 1997, GPA is averaging 6.7% in distribution losses. Senator Ada stated that the figures quoted represent distribution losses. He again queried on whether GPA has been able to decipher how much of the total percentage rate (in distribution losses) is directly attributed to "illegal hook-ups." Mr. Tamondong responded by saying that GPA has not been able to provide specific figures regarding such. Senator Ada expressed concern over the fact that a breakdown could not be provided, and stated that said information would prove vital in determining whether the penalties are sufficient, or if they need to be increased. He

concurred with the fact that the measure is needed to curtail theft of power, but also expressed serious concern regarding the language pertaining to the payment of penalties. He concluded by strongly recommending that GPA provide for flexibility in the payment of fines for those families who find themselves in extremely adverse economic situations.

Eloy Hara, Executive Director of the Civil Service Commission, testified in support of the intent Bill No. 426. He stated that having served as the Assistant General Manager of GPA for six years, as well as serving as a Public Utilities Commission board member, he is well aware of the extent of the meter tampering problem on island. As Assistant General Manager of GPA, enforcement and collections were problems encountered when dealing with theft of power. He went on to express his concern over the language in the penalty schedule. He recommended that GPA apply discretion in waiving the penalties for those individuals who may not be financially able to pay large amounts in penalties.

Rumano L.G. Quinata, resident of Ipan, Talofofu, testified on behalf of the measure. He stated that in his ten year tenure with the Navy, he oversaw the division in charge of illegal tampering of meters. He posed a question to Mr. Tamondong regarding situations in which a customer is overcharged by GPA. Mr. Tamondong stated that if a meter reading appears suspect, a customer can request to have the meter re-calibrated by GPA. Mr. Quinata stating that in addition to the penalty schedules, knowledgeable engineers and instruments are also needed to curtail the ongoing problem with theft of power. He concluded by recommending that the penalty schedules be divided into three categories: 1) residential; 1) commercial rates and 3) industrial rates.

There being no further testimony or discussion, the public hearing for this particular measure concluded at 10:38 a.m.

IV. FINDINGS

The Committee finds that unauthorized use of electricity, or “illegal hook-ups” is costing the Guam Power Authority millions of dollars in lost revenue. Moreover, the problem is compounded by the fact that as authority attempts to curtail such illegal activities, manpower and materials are wasted. In an effort to deter the illegal act of meter tapping/tampering, and pursuant to the provisions contained in Public Law 24-31, the General Manager of the Guam Power Authority has formulated a penalty schedule which shall be imposed on those participating in unauthorized electrical connections. Said penalty schedule will serve to deter those individuals, contractors

and businesses from participating in meter tapping/tampering, and will facilitate the recovery of millions of dollars in lost revenue.

V. RECOMMENDATIONS

The Committee on Power, Foreign Affairs & General Government Services hereby reports out Bill No. 426, with the recommendation **TO DO PASS**.

GPA PENALTY SCHEDULE FOR ILLEGAL POWER HOOK-UPS
[Authority: Public Law 24-31]

I. APPLICABLE RESIDENTIAL RATE SCHEDULES (R/S)

Residential Service (R), General Service-Non Demand (G)

Private Outdoor Lighting (H), Small Govt. Service-Non Demand (S)

If the total computed estimated loss,
since disconnection is:

then the imposed
penalty fine will be:

\$ 1 to \$ 500	\$ 2,500
\$ 501 to \$ 1,000	\$ 2,895
\$ 1,001 to \$ 1,500	\$ 3,290
\$ 1,501 to \$ 2,000	\$ 3,685
\$ 2,001 to \$ 2,500	\$ 4,080
\$ 2,501 to \$ 3,000	\$ 4,475
\$ 3,001 to \$ 3,500	\$ 4,870
\$ 3,501 to \$ 4,000	\$ 5,265
\$ 4,001 to \$ 4,500	\$ 5,660
\$ 4,501 to \$ 5,000	\$ 6,055
\$ 5,001 to \$ 5,500	\$ 6,450
\$ 5,501 to \$ 6,000	\$ 6,845
\$ 6,001 to \$ 6,500	\$ 7,240
\$ 6,501 to \$ 7,000	\$ 7,635
\$ 7,001 to \$ 7,500	\$ 8,030
\$ 7,501 to \$ 8,000	\$ 8,425
\$ 8,001 to \$ 8,500	\$ 8,820
\$ 8,501 to \$ 9,000	\$ 9,215
\$ 9,001 to \$ 9,500	\$ 9,610
\$ 9,501 to \$ 10,000	\$ 10,000

**REWARD PROGRAM: Rewards shall be computed at twenty-five percent (25%)
of the imposed penalty fine.**

GPA PENALTY SCHEDULE FOR ILLEGAL POWER HOOK-UPS
[Authority: Public Law 24-31]

II. APPLICABLE NON-RESIDENTIAL RATE SCHEDULES (R/S)

General Service Demand (J), Large Government Service (L)

Large Power Service (P), Small Govt. Service-Demand (K)

Navy Service (N), Street Lighting (F)

If the total computed estimated loss,
since disconnection is:

then the imposed
penalty fine will be

\$ 1 to \$ 500	\$ 2,500
\$ 501 to \$ 1,000	\$ 2,960
\$ 1,001 to \$ 1,500	\$ 3,420
\$ 1,501 to \$ 2,000	\$ 3,880
\$ 2,001 to \$ 2,500	\$ 4,340
\$ 2,501 to \$ 3,000	\$ 4,800
\$ 3,001 to \$ 3,500	\$ 5,260
\$ 3,501 to \$ 4,000	\$ 5,720
\$ 4,001 to \$ 4,500	\$ 6,180
\$ 4,501 to \$ 5,000	\$ 6,640
\$ 5,001 to \$ 5,500	\$ 7,100
\$ 5,501 to \$ 6,000	\$ 7,560
\$ 6,001 to \$ 6,500	\$ 8,020
\$ 6,501 to \$ 7,000	\$ 8,480
\$ 7,001 to \$ 7,500	\$ 8,940
\$ 7,501 to \$ 8,000	\$ 9,400
\$ 8,001 to \$ 8,500	\$ 9,860
\$ 8,501 to \$ 9,000	\$ 10,320
\$ 9,001 to \$ 9,500	\$ 10,780
\$ 9,501 to \$ 10,000	\$ 11,240
\$ 10,001 to \$ 10,500	\$ 11,700
\$ 10,501 to \$ 11,000	\$ 12,160
\$ 11,001 to \$ 11,500	\$ 12,620
\$ 11,501 to \$ 12,000	\$ 13,080
\$ 12,001 to \$ 12,500	\$ 13,540
\$ 12,501 to \$ 13,000	\$ 14,000

REWARD PROGRAM: Rewards shall be computed at twenty-five percent (25%)
of the imposed penalty fine.

FISCAL NOTE
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

BBMR-F7

Bill Number: 426 (cor)
 Amendatory Bill: Yes

Date Received: January 02, 1998
 Date Reviewed: January 21, 1998

Department/Agency Affected: Guam Power Authority
 Department/Agency Head: Ricardo Umpingco, General Manager
 Total FY Appropriation to Date: Autonomous

Bill Title (preamble): AN ACT TO AMEND PUBLIC LAW NO. 24-31, RELATIVE TO CLASSIFYING UNAUTHORIZED ELECTRICAL CONNECTIONS AS THEFT AND TO ADOPT PROPOSED FINES AND PENALTIES FOR SUCH HOOK-UPS.

Change in Law: Public Law 24-31

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

Bill is for:
 Operations X Capital Improvement _____ Other _____

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Autonomous	<u>1/</u>		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL	<u>1/</u>					
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? Yes -- IF NO, ADD'L AMOUNT REQUIRED \$ _____

AGENCY/PERSON/DATE CONTACTED: _____

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	<u>1/</u>					
OTHER						
TOTAL						

ANALYST M. Dizon DATE 1/20/98 DIRECTOR Joseph E. Rivera, Acting DATE JAN 22 1998

FOOTNOTES: Bill 426 proposes a fine and penalty schedule for unauthorized electrical connections. The fiscal impact of such a measure will not only increase revenues from both penalties and additional connections, but it will also reduce the amount of illegal hook ups. As a result of the decrease in unauthorized connections, the rate payers of the territory will benefit in efficient service from the Guam Power Authority.