



GWA RESOLUTION NO. 23-FY2020

RELATIVE TO CREATION OF A COVID-19 REGULATORY ASSET

WHEREAS, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities (“CCU”) has plenary authority over financial, contractual, and policy matters relative to the Guam Waterworks Authority (“GWA”); and

WHEREAS, the Guam Waterworks Authority (“GWA”) is a Guam Public Corporation established and existing under the laws of Guam; and

WHEREAS, in response to the Global Health Emergency declared by the World Health Organization and the national emergency declared by President Donald Trump, on March 14, 2020, Governor Lourdes A. Leon Guerrero issued Executive Order 2020-03 declaring a state of emergency to respond to Novel Coronavirus (COVID-19); and

WHEREAS, Executive Order 2020-04 ordered the closure of all non-essential Government of Guam offices through March 30, 2020; and

WHEREAS, Executive Order 2020-05 ordered the closure of businesses or public accommodations except for certain exemptions such as healthcare operations, grocery stores, gas stations and hardware stores during the COVID-19 emergency period; and

WHEREAS, Executive Orders 2020-06 and 2020-09 extended the closure of all non-essential Government of Guam offices through April 13, 2020 and May 5, 2020 respectively; and

WHEREAS, payments to employees during this emergency period are governed by Department of Administration Personnel Rules and Regulations (DOA PRR) which have been adopted by GWA; and

1 **WHEREAS**, DOA PRR Rule 8.406 *Natural Disasters and Other Emergency Conditions*
2 governing emergency conditions which create unsafe working conditions requires that 1) all non-
3 essential employees be released from duty without charge to leave and 2) all employees required
4 to remain on duty be paid double the regular rate or granted compensatory leave credits for the
5 hours worked; and

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7 **WHEREAS**, GWA has incurred other extraordinary and unplanned expenses related to
8 the COVID-19 Emergency including, among other things, equipment and tools to allow
9 employees to work from home, creating alternate or enhanced payment methods for customers
10 and developing and distributing communications related to the emergency; and

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12 **WHEREAS**, water consumption by hotel and commercial customers classes have
13 declined as a result of the COVID-19 emergency, impacting GWA revenues; and

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15 **WHEREAS**, the COVID-19 emergency, has negatively affected GWA revenues while
16 requiring additional expenditures and these financial impacts were not included in the FY2020
17 financial projections for FY2020 approved in GWA Docket 19-08 FY20 Rate Decision by the
18 Public Utilities Commission on February 27, 2020; and

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20 **WHEREAS**, GWA's working capital reserves are sufficient to cover normal O&M
21 expenditures for up to three months but the combination of reduced revenues and increased
22 expenditures will have a negative impact on operating income, and similarly affect debt service
23 coverage; and

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25 **WHEREAS**, capitalizing COVID-19 emergency related expenses will allow GWA to
26 amortize the asset in FY2021 or over a period identified by the PUC after the emergency is lifted
27 and revenues have rebounded.

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1 **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities
2 does hereby approve the following:

- 3 1. The recitals set forth above hereby constitute the findings of the CCU.
4 2. The CCU hereby authorizes the management of GWA to petition the Public
5 Utilities Commission (PUC) for an accounting order allowing GWA to establish a
6 regulatory asset for the costs related to COVID-19 expenses which will be
7 amortized over a period determined by the PUC.
8 3. As part of the CFO's monthly report to the CCU, GWA will provide an update of
9 expenses that have been capitalized.

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11 **RESOLVED**, that the Chairman certified, and the Board Secretary attests to the adoption
12 of this Resolution.

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14 **DULY AND REGULARLY ADOPTED**, this 28th day of April 2020.

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16 Certified by:

 Attested by:

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19 **JOSEPH T. DUENAS**

MICHAEL T. LIMTIACO

20 Chairperson

 Secretary

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SECRETARY'S CERTIFICATE

I, Michael T. Limtiaco, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

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|--------------|----------|----------|
| AYES: | <u>5</u> | <u>@</u> |
| NAYS: | <u>0</u> | <u></u> |
| ABSTENTIONS: | <u>0</u> | <u></u> |
| ABSENT: | <u>0</u> | <u></u> |

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