

1 **WHEREAS**, these cost-saving components are comprised of \$6 million savings in debt
2 service as a result of an upgraded credit following approval of the Rate Plan; and \$5 million
3 reduction in power costs due to improved operating efficiencies; and finally to maximize the
4 use of bond funds and lower cost of capital, GWA will defer \$3 million in capital expense
5 reserves; and

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7 **WHEREAS**, in consideration of the aforementioned savings, the FY 2017 Budget
8 projection recommended by Management for approval by the CCU reduces the increase to
9 3.50 % for basic, lifeline, and non-lifeline rates across all customer classes and a 3.70 %
10 increase for the legislative surcharge; and

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12 **WHEREAS**, the projections were developed from an evaluation of historical and
13 current data including assumptions of future performance benchmarks. This budget assumes no
14 customer growth and demand sales this fiscal year; and

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16 **WHEREAS**, these proposed rates will generate a total of \$113 million in operating
17 revenues derived from approximately \$68 million in water sales, \$39 million in wastewater; \$3
18 million from the legislative surcharge; \$1 million in System Development Charges and \$.5
19 million in other revenues; and

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21 **WHEREAS**, operating costs are earmarked at \$22 million in salaries and benefits; \$21
22 million in utilities; \$11 million in administrative and general expenses; \$3 million in
23 contractual expenses; \$.3 million in regulatory costs; \$.8 million in bad debts; \$18 million in
24 depreciation and \$3 million in retiree supplemental annuities and health care for a combined
25 Fiscal 2017 total of \$81 million, which is 10% lower than the current budget approved at \$90
26 million; and

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29 **WHEREAS** the proposed Fiscal Year 2017 revenues and expenses altogether will
30 result in an operational gain of approximately \$15 million; and

1 I, J. George Bamba, Board Secretary of the Consolidated Commission on Utilities, as evidenced
2 by my signature above do hereby certify as follows:

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

7 AYES: 4
8 NAYS: 0
9 ABSTENTIONS: 0
10 ABSENT: 1



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