



GWA RESOLUTION NO. 26-FY2021

**RELATIVE TO THE ADOPTION OF GUAM WATERWORKS AUTHORITY
INTERIM FISCAL YEAR 2022 OPERATING BUDGET**

WHEREAS, Section 8104 (c), Chapter 8 and Section 14104 (c) Chapter 14 of Title 12 of the Guam Code Annotated authorizes the Guam Waterworks Authority to establish its internal organization and management and adopt regulations for the administration of its operations; and

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, the Guam Public Utilities Commission (“PUC”) FY20 Rate Decision and Order issued on February 27, 2020, delineated proforma rates for FY2022, FY2023 and FY2024 and required an FY2022 Comprehensive Review and Update of GWA’s Five-Year Financial Plan (“Financial Plan Update”); and

WHEREAS, the PUC FY20 Rate Decision and Order required GWA to undertake various analytical studies, namely (1) Demand Forecasting, (2) Water Loss Reduction, (3) Cost of Service / Rate Design, (4) Affordability, (5) Capital Financing Alternatives, (6) Capitalized Labor, and (7) Cesspool and Septic Tank Elimination, and to submit the studies by March 31, 2021, and incorporate the same into the Financial Plan Update; and

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1 **WHEREAS**, the CCU approved the Financial Plan Update on April 27, 2021, in
2 Resolution 18-FY2021, and management submitted the approved Financial Plan Update to the
3 PUC on May 1, 2021; and

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5 **WHEREAS**, the PUC will determine final rates for FY2022, FY2023, and FY2024
6 based on the results of the studies and the Financial Plan Update; and

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8 **WHEREAS**, the Financial Plan Update addresses for FY2022-FY2024: (1) estimated
9 annual budgets for operations, maintenance, and repair of GWA's water and wastewater system,
10 including capital improvement projects; and (2) a descriptive plan for raising sufficient revenue
11 to meet the projected costs set forth in the budgets; and

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13 **WHEREAS**, the PUC Administrative Law Judge (ALJ) issued an amended scheduling
14 order for GWA Docket 19-08 on May 4, 2021, which calendared the ALJ Report and Proposed
15 Order no later than September 22, 2021; and

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17 **WHEREAS**, on August 12, 2021, the ALJ conducted a teleconference to discuss changes
18 to the scheduling order requested by PUC consultants which will impact when the PUC acts on
19 the rate increases and resulting revenue projections on which the CCU approved FY2022 budget
20 is based; and

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22 **WHEREAS**, given the uncertainty created by this delay, it would be prudent to continue
23 the cost containment measures until the PUC orders the final rates for FY2022; and

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25 **WHEREAS**, the adjusted FY2021 budget as adopted in CCU Resolution 38-FY2020
26 represents management's best estimates of resources required during the interim period between
27 the end of FY2021 and the anticipated date of action on requested FY2022 rate adjustments,
28 considering the uncertainty of actions of the PUC; and

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30 **WHEREAS**, the Interim FY2022 budget recommended for approval projects operating
31 revenue of \$113 million derived from \$70 million in water revenues; \$39 million in wastewater
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1 revenue; \$3 million in Legislative surcharges; \$430 thousand in other revenue; and \$920
2 thousand in system development charges; and

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4 **WHEREAS**, operating costs are earmarked at approximately \$25 million in salaries and
5 benefits; \$13 million in power purchases; \$9 million in water purchases; \$11 million in
6 administrative and general expenses; \$6 million in contractual expenses; \$22 million in
7 depreciation and \$3 million in retiree supplemental annuities and health care for a combined total
8 of \$89 million; and

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10 **WHEREAS**, the Interim FY2022 budget allows GWA a staff level of 400 full time
11 employees (FTE), excluding any temporary interns, to meet O&M activities; and

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13 **WHEREAS**, it is the General Manager's desire to be granted continued budget
14 transfer authority each fiscal year to modify budget amounts up to 10%, among and between
15 budget expense categories, to address changing conditions during any fiscal period to meet
16 critical demands; and

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18 **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities
19 does hereby approve and authorize the items listed herein:

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21 **Section 1.** The foregoing recitals hereby constitute the findings of the CCU.

22 **Section 2.** GWA adopt and implement the Interim Fiscal Year 2022 Proposed Budget
23 of \$113 million and \$89 million of operating revenues and expenses, respectively, until such
24 time the PUC acts on the Financial Plan Update.

25 **Section 4.** Upon the action of the PUC, GWA will adjust revenue projections and
26 expenses for FY2022 as authorized by the PUC.

27 **Section 3.** For FY2022, the General Manager is initially authorized a staff level not to
28 exceed the existing authorization of 400 full- time employees until such time as the PUC acts
29 on the Financial Plan Update.

30 **Section 5.** The General Manager is authorized to transfer funds up to 10% between and
31 among O&M Budget expenses, as necessary to meet the mission of GWA during each fiscal
32 period. Any transfer(s) greater than 10% requires CCU approval.

1
2 **RESOLVED**, that the Chairman certify and the Board Secretary attests to the adoption of
3 this Resolution.

4 **DULY AND REGULARLY ADOPTED**, this 24th day of August 2021.

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6 Certified by:

Attested by:

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9 **JOSEPH T. DUENAS**
10 Chairperson



11 **MICHAEL T. LIMTIACO**
12 Secretary

13 **SECRETARY'S CERTIFICATE**

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

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

20 AYES: 5

21 NAYS: Ø

22 ABSENT: Ø

23 ABTAIN: Ø

