



GWA RESOLUTION NO. 19-FY2022

**RELATIVE TO TRANSFERS FROM THE GWA RATE STABILIZATION FUND TO
THE GWA GENERAL FUND**

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”, “Authority”); and

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

WHEREAS, the CCU approved Resolution 11-FY2021 Establishment of the GWA Rate Stabilization Fund (RSF) to provide a tool to manage financial risks associated with the uncertainties of COVID-19 related impacts on the economy and its effects on GWA revenues and debt service coverage; and

WHEREAS, GWA transferred \$11.4 million from GWA’s Working Capital Reserves into the RSF in September 2021 as authorized by Resolution 11-FY2021; and

WHEREAS, the CCU adopted GWA Resolution 18-FY2021 Relative to Approving the GWA Five-Year Financial Plan Update on April 27, 2021; and

WHEREAS, as required by the Public Utility Commission (PUC) FY20 Rate Decision and Order, on May 1, 2021, GWA submitted the Comprehensive Review and Update to GWA’s Five Year Financial Plan (Updated Financial Plan) to the PUC; and

WHEREAS, although the PUC FY20 Rate Decision and Order, and associated Stipulation, required the PUC to act on the Comprehensive Review and Update (CR&U) and set

1 rates for FY2022 through FY2024 by September 30, 2021, the PUC's consultants have delayed
2 action in the proceeding; and

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4 **WHEREAS**, because of these delays, GWA presented and the CCU approved GWA
5 Resolution No. 26-FY2020 Relative to the Adoption of Guam Waterworks Authority Interim
6 Fiscal Year 2022 Operating Budget on August 24, 2021, pending PUC action on the Updated
7 Financial Plan; and

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9 **WHEREAS**, on November 22, 2021, the PUC Administrative Law Judge vacated the
10 deadlines in the previous scheduling order related to the report and proposed rate order and has
11 not provided an updated schedule for such nor for the PUC meeting to act on GWA's Updated
12 Financial Plan; and

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14 **WHEREAS**, while GWA continues to manage its costs, GWA financial performance has
15 been impacted by revenue loss and economic disruption associated with the COVID-19 Public
16 Health Emergency; and

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18 **WHEREAS**, the planned use of RSF transfers to augment revenues for FY2022 are now
19 required to maintain DSC in light of the projected demands and delayed action on GWA's
20 Updated Financial Plan; and

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22 **WHEREAS**, *Section 5.02 Allocation of Revenues* of the Bond Indenture states that funds
23 flow into the Rate Stabilization Fund in *the amount specified for such month in a Certificate of*
24 *the Authority which also certifies that such amount is consistent with the annual budget*
25 *established by the Authority*, and *Section 6.08 Authority Budgets* of the Bond Indenture states
26 that *the Authority, as part of the annual budget, may transfer funds to or from the Rate*
27 *Stabilization Fund each month*; and

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29 **WHEREAS**, Resolution 11-FY2021 requires that the CCU formally approve any
30 planned utilization (transfers out) of the RSF;

1 **WHEREAS**, Resolution 06-FY2022 authorized the transfer of up to \$2 million from the
2 GWA Rate Stabilization Fund into the GWA General Fund of which \$1.6 million has been
3 transferred as of April 30, 2022; and
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5 **WHEREAS**, the CR&U proposed RSF transfers of \$5.3 million for FY2022;
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7 **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities
8 does hereby approve the following:

- 9 1. The recitals set forth above hereby constitute the findings of the CCU.
- 10 2. The CCU finds that it would be prudent to approve additional transfers of up
11 to \$3.3 million from the GWA Rate Stabilization Fund into the GWA General
12 Fund bringing the total authorized transfers to \$5.3 million to ensure that
13 GWA continues to meet the minimum debt service coverage ratio of 1.25x
14 required by the bond indenture and Working Capital Reserves equal to at least
15 120 days of annual Operations and Maintenance expenses.
- 16 3. The CCU finds that the adoption of this policy promotes best practice in
17 utility management by establishing an additional mechanism for managing
18 uncertainties and risks and promoting predictable rates consistent with
19 community expectations and acceptability.
- 20 4. The CCU directs that GWA Management shall notify the CCU of any
21 utilization (transfers out) of the Rate Stabilization Fund.
- 22 5. The CCU directs GWA Management to include updates to the RSF in the
23 FY22 budget resolution to be provided upon action by the PUC on GWA's
24 Updated Financial Plan.

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

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1 **DULY AND REGULARLY ADOPTED**, this 24th day of May 2022.

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3 Certified by:

Attested by:

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6 **JOSEPH T. DUENAS**

MICHAEL T. LIMTIACO

7 Chairperson

Secretary

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9 **SECRETARY'S CERTIFICATE**

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

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

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17 AYES: 4
18 NAYS: ϕ
19 ABSENT: ϕ
20 ABSTAIN: ϕ

