



**GWA RESOLUTION NO. 02-FY2024**

**RELATIVE TO APPROVING THE GUAM WATERWORKS AUTHORITY FISCAL  
YEAR 2024 OPERATIONS AND MAINTENANCE BUDGET**

**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**, FY2024 is the fifth (5<sup>th</sup>) and final year of GWA's Five (5) year FY2020-FY2024 Rate Plan approved by the CCU on June 5, 2019, in GWA Resolution 36-FY2019; and

**WHEREAS**, GWA petitioned the Public Utilities Commission (PUC) for approval of the FY2020-FY2024 Rate Plan on July 6, 2019, and in response, the PUC in February 2020 issued the Docket 19-08 approving rate increases for non-lifeline rates in the amount of 5.0% for FY2020, effective March 2020, and 5.0% for FY2021 effective October 1, 2020; and

**WHEREAS**, the Docket 19-08 February 2020 decision also required GWA to conduct six analytical studies to be submitted on March 31, 2021, as well as a Comprehensive Review and Update (CRU) of GWA's Financial Plan, informed by the analytical studies, for FY2022 through FY2024 by May 1, 2021; and

**WHEREAS**, GWA submitted the analytical studies by the March 31, 2021 deadline to PUC; and

**WHEREAS**, the CCU approved the CRU on April 27, 2021, by Resolution 18-FY2021 which GWA subsequently filed with the PUC on May 1, 2021; and

1           **WHEREAS**, the PUC did not act timely on GWA’s May 2021 CRU filing and no rate  
2 increase was adopted for FY2022; and

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4           **WHEREAS**, on September 22, 2022, the PUC issued a Docket 19-08 Rate Decision  
5 approving basic and non-lifeline rate increases of 5.5% effective October 1, 2022 (for FY2023)  
6 and October 1, 2023 (for FY2024); and

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8           **WHEREAS**, the Rate Decision required a True-Up projection by June 1, 2023, to  
9 address the FY2024 rate increase; and

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11           **WHEREAS**, on April 3, 2023, as amended on April 4, 2023, GWA submitted a petition  
12 to the PUC to *Approve a New Rate Design Structure* as proposed in the GWA PUC Docket 19-  
13 08 which adds an additional tier to residential water rates, adds a base rate to non-residential  
14 sewer charges, reduced the residential sewer base rate and establishes volumetric sewer rates for  
15 residential customers, applies the legislative surcharge to all rate components; and

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17           **WHEREAS**, based on the tentative schedule for action on the rate design, the petition  
18 was amended to request the approval of the new rate design for use in the FY2025-FY2029  
19 Financial Rate Plan, with the 2024 revenue projections and corresponding true-up rate  
20 adjustment request based on the current rate design; and

21  
22           **WHEREAS**, in May 2023 the CCU adopted Resolution 33-FY2023 Relative to  
23 Approving the FY2023 Annual True-Up and FY2024 Operations and Maintenance Budget as  
24 required by the Public Utilities Commission (PUC) Order issued in September 2022 under  
25 Docket 19-08 at which time 5.5% rate increases were approved effective October 1, 2022, and  
26 again on October 1, 2023, for Fiscal Year 2024; and

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28           **WHEREAS**, on August 29, 2023, as the PUC was scheduled to act on the True Up  
29 submission at the PUC’s special meeting on September 26<sup>th</sup>, three working days before FY2024  
30 and after the CCU September meeting, the CCU approved Resolution 43-FY2023 relative to

1 adoption of GWA's FY2024 Interim Operating Budget approving a lump sum budget for the first  
2 quarter of fiscal year pending action by the PUC; and

3  
4 **WHEREAS**, on September 28, 2023, the PUC issued Docket 19-08 regarding GWA's  
5 annual True-Up for GWA's FY2024 Rates; and

6  
7 **WHEREAS**, for FY2024, the PUC approved a 16.7% rate increase for basic lifeline and  
8 non-lifeline rates across all rate classes restating revenue projections for FY2024 at \$127.6  
9 million derived from all water and wastewater sales net of bad debt, \$275,000 in investment  
10 income and \$950,000 from GWA's Rate Stabilization Fund (transferred from GWA's Badger  
11 settlement) for total projected fund sources of \$128.9 million; and

12  
13 **WHEREAS**, operating costs are projected at \$79.7 million excluding non-cash  
14 expenditures of depreciation and capitalized labor, comprised of \$29 million for utilities; \$29.7  
15 million gross salaries and benefits; \$9.6 million for administrative and general expenses; \$7.4  
16 million in contractual costs and \$3.7 million for retirees; and

17  
18 **WHEREAS**, the budget provides for other cash flow requirements including \$39 million  
19 in debt service payments, \$8.7 million for revenue-funded capital expenses and conforming to  
20 rate covenants with debt coverage of 1.35x;

21  
22 **WHEREAS**, management seeks approval of the FY2024 Operations & Maintenance  
23 budget with rates and expenses as adjusted by the PUC outlined in Exhibit A attached hereto.

24  
25 **NOW BE IT THEREFORE RESOLVED**; the Consolidated Commission on Utilities  
26 does hereby approve the following:

- 27
- 28 1. The recitals set forth above hereby constitute the findings of the CCU.
  - 29 2. The CCU approves GWA's FY2024 Operations & Maintenance Budget  
30 (Exhibit A) of \$128.9 million in revenues and other fund sources and \$79.7  
31 million in expenses excluding non-cash expenditures in addition to other cash  
flow requirements such as debt service, working capital and debt coverage.

- 1                   3. The CCU approves an FTE level of 400; this total excludes interns,  
2    apprentices, or federally funded positions.  
3                   4. The CCU authorizes Management to transfer up to 10% of the total budget as  
4    necessary among and between cost categories.  
5

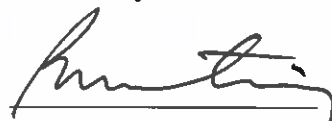
6                   **RESOLVED**, that the Chairman certified, and the Board Secretary attests to the adoption  
7 of this Resolution.  
8

9                   **DULY AND REGULARLY ADOPTED**, this 31<sup>st</sup> day of October 2023.  
10

11 Certified by:

Attested by:

12   
13 \_\_\_\_\_

  
\_\_\_\_\_

14 **JOSEPH T. DUENAS**

**PEDRO ROY MARTINEZ**

15 Chairperson

Secretary  
16  
17  
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**SECRETARY'S CERTIFICATE**

19  
20 I, Pedro Roy Martinez, Board Secretary of the Consolidated Commission on  
21 Utilities as evidenced by my signature above do hereby certify as follows:

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

26  
27 AYES:    5  
28    \_\_\_\_\_  
29 NAYS:   0  
30    \_\_\_\_\_  
31 ABSENT:                                       0  
  \_\_\_\_\_  
ABSTAIN:                                      0  
  \_\_\_\_\_

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**GUAM WATERWORKS AUTHORITY**

Historical and Forecasted Operating Results with PUC Ordered FY 2024 Rate Adjustment

	Unaudited Historical Year	Annualized Current Year	Requested True-Up 06/01/2023	PUC APPROVED Docket 19-08 09/28/23
	FY 2022	FY 2023	FY 2024	FY 2024
<b>Non-Lifeline Rate Increase</b>	0.0%	5.5%	27.0%	16.7%
<b>Lifeline Rate Increase</b>	0.0%	0.0%	27.0%	16.7%
<b>Surcharge</b>	3.6%	3.5%	3.8%	3.8%
<b>CASH SOURCES</b>				
Water Service Revenues	64,607,199	68,999,129	86,611,560	80,479,614
Legislative Surcharge	2,007,183	2,335,332	3,185,435	2,958,520
Water SDC Revenues	498,145	660,000	489,600	489,600
<b>Water Rate Revenues</b>	<b>\$ 67,112,527</b>	<b>\$ 71,994,461</b>	<b>\$ 90,286,595</b>	<b>\$ 83,927,734</b>
Wastewater Service Revenues	27,939,855	30,991,533	39,299,585	36,483,092
Legislative Surcharge	1,003,591	763,370	1,047,659	976,821
Navy Service Revenues (inc. surcharge)	5,902,821	6,244,199	7,995,558	7,347,687
Wastewater SDC Revenues	747,217	990,000	734,400	734,400
<b>Wastewater Rate Revenues</b>	<b>\$ 35,593,484</b>	<b>\$ 38,989,102</b>	<b>\$ 49,077,202</b>	<b>\$ 45,542,000</b>
Other Revenues	464,488	1,415,000	474,300	474,300
Bad Debt Adjustment	(2,028,510)	(2,118,815)	(2,262,236)	(2,262,236)
<b>Total Operating Revenues<sup>1</sup></b>	<b>\$ 101,141,989</b>	<b>\$ 110,279,748</b>	<b>\$ 137,575,861</b>	<b>\$ 127,681,798</b>
Interest / Investment Income	275,879	275,000	275,000	275,000
Rate Stabilization Transfers / ARPA Funds In (Out) <sup>2</sup>	5,750,000	18,050,000	(7,500,000)	950,000
<b>TOTAL SOURCES</b>	<b>\$ 107,167,868</b>	<b>\$ 128,604,748</b>	<b>\$ 130,350,861</b>	<b>\$ 128,906,798</b>
<b>CASH USES</b>				
Power Purchases <sup>3</sup>	18,577,440	25,388,436	24,169,088	23,221,568
Water Purchases	5,656,471	6,379,055	5,900,000	5,900,000
Salaries & Benefits <sup>4</sup>	24,985,288	25,874,596	29,732,853	29,705,247
Admin & General <sup>5</sup>	7,956,423	9,179,209	9,687,858	9,687,858
Contractual Expense	4,492,845	5,901,272	7,464,494	7,464,494
Retiree Expense	7,439,742	3,755,617	3,755,617	3,755,617
<b>O&amp;M Subtotal</b>	<b>\$ 69,108,209</b>	<b>\$ 76,478,185</b>	<b>\$ 80,709,910</b>	<b>\$ 79,734,784</b>
Debt Service	33,458,069	39,036,678	39,042,065	39,042,065
Internally Funded Capital (IFCIP)	—	1,598,655	4,804,084	8,784,879
<b>TOTAL USES</b>	<b>\$ 104,164,933</b>	<b>\$ 120,318,947</b>	<b>\$ 128,536,854</b>	<b>\$ 127,561,728</b>
<b>Net Annual Cash Flow</b>	<b>\$ 3,002,935</b>	<b>\$ 8,285,801</b>	<b>\$ 1,814,007</b>	<b>\$ 1,345,070</b>
<b>DEBT SERVICE COVERAGE</b>				
Net Revenues	\$ 38,059,659	\$ 52,126,563	\$ 49,640,951	\$ 49,172,014
Adjustment, System Development Charges	(1,245,362)	(1,650,000)	(1,224,000)	(1,224,000)
Adjustment, Capitalized Labor	3,699,767	2,273,431	3,700,000	4,159,140
Adjustment, Other <sup>6</sup>	3,303,593	673,200	729,706	729,706
<b>Net Revenues Available for Debt Service</b>	<b>\$ 43,817,657</b>	<b>\$ 53,423,194</b>	<b>\$ 52,846,657</b>	<b>\$ 52,836,860</b>
<b>Total Debt Service</b>	<b>33,458,069</b>	<b>39,036,678</b>	<b>39,042,165</b>	<b>39,042,065</b>
<b>Debt Service Coverage</b>	<b>1.310</b>	<b>1.369</b>	<b>1.354</b>	<b>1.353</b>

- 1 - Reflects non-revenue water and non-revenue wastewater billing adjustments; includes leachate revenues
- 2 - Per auditor opinion, ARPA funds will be considered as revenues when calculating debt service coverage
- 3 - FY 2024 estimate reflects Guam Power Authority's reduced LEAC; FY 2023 is CCU-approved budget amount
- 4 - Capitalized labor, which does not represent a cash impact, is not included in this calculation of annual net cash flow  
- \$600,000 added for FY 2024 per final PUC Order to reflect benefit increases approved for FY 2024
- 5 - Excludes bad debt expense since this line item is included as an offset to rate revenues (per audited financials)
- 6 - Includes retiree COLA and end-of-year pension and OPEB adjustments