



GWA RESOLUTION NO. 31-FY2024

RELATIVE TO APPROVING FY2024 BUDGET AMENDMENTS

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 adopted Resolution 02-FY2024 Relative to Approving the FY24 Operations and Maintenance Budget following the approval by the Public Utilities Commission of a 16.7% rate increase for basic lifeline and non-lifeline rates across all rate classes, effective October 1, 2023; and

WHEREAS, the approved rate increases set revenue projections at \$127.6 million derived from all water and wastewater sales net of bad debt, \$275,000 in investment income and \$950,000 from GWA's Rate Stabilization Fund (RSF) (transferred from GWA's Badger settlement) for a grand total of \$128.9 million in fund sources; and

WHEREAS, operating costs were projected at \$79.7 million excluding capitalized labor and non-cash expenditure for depreciation, comprised of \$29 million for utilities; \$29.7 million gross salaries and benefits; \$9.6 million for administrative and general expenses; \$7.4 million in contractual costs and \$3.7 million for retirees; and

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

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1 **WHEREAS**, the cost of Navy water has increased twice this fiscal year. The first, a 45%
2 increase effective January 2024 from \$9.87/kgal to \$14.07/kgal and the second up another 69% to
3 \$24.07/kgal effective April 2024. Coupled with an average 35% increase in monthly consumption
4 of Navy water, costs are projected to more than double the approved budget from \$6 million to
5 \$15.7 million; and

6
7 **WHEREAS**, despite prior internal budget transfers in excess of \$8 million from cost
8 containment efforts in other line items to maximize resources, the significant rate increases for
9 Navy water force GWA management to seek approval to increase in FY24 Operations and
10 Maintenance Budget expenses from \$79.7 million to \$84.7 million excluding depreciation and
11 capitalized labor; and

12
13 **WHEREAS**, GWA's revised budget provides fund sources of \$129.4 million in water and
14 wastewater sales net of bad debt; \$2.4 million in investment income and \$950,000 in Rate
15 Stabilization Funds (RSF) (transferred from GWA's Badger settlement) totaling \$132.8 million, a
16 \$4 million increase over the approved budget as outlined in Exhibit A attached; and

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18 **WHEREAS**, these budget revisions provide for \$38.7 million in debt services payments,
19 \$8.7 million for revenue-funded capital expenses and debt service coverage of 1.28x, maintaining
20 conformance with GWA's rate covenant.

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22 **NOW BE IT THEREFORE RESOLVED**; the Consolidated Commission on Utilities
23 does hereby approve the following:

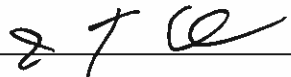
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25 1. The recitals set forth above hereby constitute the findings of the CCU.
26 2. The CCU authorizes an increase in GWA's FY24 Operating Expense Budget
27 by not more than \$5 million as reflected in Exhibit A to maintain operations
28 and maintenance activities.

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

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4 **DULY AND REGULARLY ADOPTED**, this 27th day of August 2024.

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6 Certified by:

Attested by:

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9 **JOSEPH T. DUENAS**

PEDRO ROY MARTINEZ

10 Chairperson

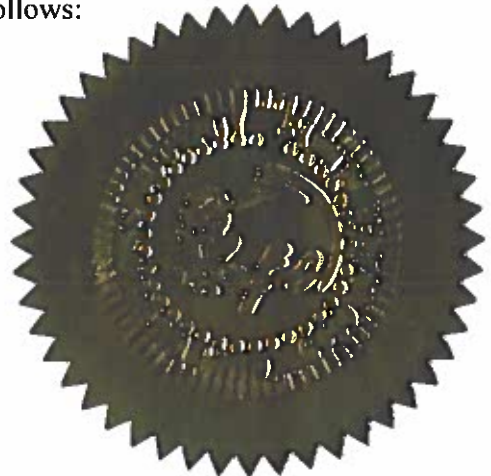
Secretary

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13 **SECRETARY'S CERTIFICATE**

14 I, Pedro Roy Martinez, Board Secretary of the Consolidated Commission on
15 Utilities as 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
17 regular meeting by the members of the Guam Consolidated Commission on Utilities, duly
18 and 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:

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21 AYES: 4
22 NAYS: 0
23 ABSENT: 1
24 ABSTAIN: 0



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EXHIBIT A

Resolution 31-FY2024

Schedule A

Historical and Forecasted Operating Results, Proposed Rates

	Historical Year	Approved Budget Docket 19-08	YEAR-END PROJECTIONS
	FY 2023	FY 2024	FY 2024
Non-Lifeline Rate Increase	5.5%	16.7%	16.7%
Lifeline Rate Increase	0.0%	16.7%	16.7%
CASH SOURCES			
Water Service Revenues	69,672,862	80,479,614	79,600,069
Legislative Surcharge	2,147,271	2,958,520	2,810,565
Water SDC Revenues		489,600	809,074
Water Rate Revenues	71,820,133	83,927,734	83,219,708
Wastewater Service Revenues	29,675,878	36,483,092	35,671,161
Legislative Surcharge	707,754	976,821	1,259,498
Navy Revenues (w/surcharge)	7,094,928	7,347,687	8,778,363
Wastewater SDC Revenues		734,400	1,047,306
Wastewater Rate Revenues	37,478,560	45,542,000	46,756,328
Other Revenues	567,167	474,300	487,416
Rate Revenue Adjustment		-	
Bad Debt Adjustment	(421,467)	(2,262,236)	(989,267)
Total Operating Revenues¹	109,444,392	127,681,798	129,474,185
Interest / Investment Income	1,972,141	275,000	2,400,930
Rate Stabilization Transfers Out (In) ²	18,050,000	950,000	950,000
TOTAL SOURCES	129,466,533	128,906,798	132,825,115
CASH USES			
Power Purchases ³	24,397,961	23,221,568	21,431,502
Water Purchases	7,038,954	5,900,000	15,696,662
Salaries & Benefits ⁴	27,272,268	29,705,247	27,944,629
Admin & General ⁵	9,023,292	9,687,858	9,326,494
Contractual Expense	5,575,264	7,464,494	6,411,266
Retiree Expense	3,560,495	3,755,617	3,924,231
O&M Subtotal	76,868,234	79,734,784	84,734,783
Debt Service	39,036,678	39,042,065	38,762,231
Internally Funded Capital (IFCIP)	2,836,370	8,784,879	8,784,879
TOTAL USES	118,741,281	127,561,728	132,281,893
Net Annual Cash Flow	10,725,252	1,345,070	543,222
DEBT SERVICE COVERAGE			
Net Revenues	52,598,299	49,172,014	48,090,332
Adjustment, SDC Revenues	-	(1,224,000)	(1,856,380)
Adjustment, Capitalized Labor	3,075,928	4,159,140	3,026,904
Adjustment, Other ⁶	673,200	715,649	701,500
Revenues Available for Debt Service	56,347,428	52,822,803	49,962,356
Total Debt Service	39,036,678	39,042,065	38,762,231
Debt Service Coverage	1.443	1.353	1.289

1 - Includes leachate and Navy revenues; excludes system development charge revenues

2 - FY 2023 value includes \$12.4 million of ARPA funds which was used to offset debt service coverage requirements

3 - Operational efficiencies related to Ukudu treatment plant are reflected in FY 2026 and beyond

4 - Capitalized labor, which does not represent a cash impact, is not included in this calculation of annual net cash flow

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