



GWA RESOLUTION NO. 32-FY2024

**RELATIVE TO APPROVING AN INTERIM FY2025 FIRST QUARTER
OPERATIONS & 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, the CCU adopted Resolution 11-FY2024 Relative to Approving the Five-Year Financial Plan and Capital Improvement Program; and

WHEREAS, on March 8, 2024, GWA submitted an advanced draft petition to the Public Utilities Commission (PUC) to allow an earlier review by the PUC consultants and to meet GWA's request for PUC review and approval of GWA's rate application before the start of FY2025; and

WHEREAS, on June 6, 2024, GWA filed as Docket 24-05 its FY2025-FY2029 Five-Year Financial Plan and Rate Increase Request (final petition) to the PUC for review and approval; and

WHEREAS, GWA's Financial Plan addresses the FY2025 to FY2029 estimated annual budgets and capital improvement projects to provide for the continued modernization, operation, maintenance and repair of GWA's water and wastewater systems; and

WHEREAS, GWA requires sufficient revenues to meet projected costs driven primarily by obligatory investments for system reliability, federal regulatory compliance, the 2011 Federal Court Order, and the 2024 US EPA Partial Consent Decree which must concurrently meet rate covenants delineated by GWA's bond indenture; and

1 **WHEREAS**, GWA recently completed its stipulation meetings with the PUC consultants;
2 and

3
4 **WHEREAS**, barring any further changes to the planned schedule, the PUC rate hearing to
5 adjudicate the FY2025-FY2029 Five-Year Financial Plan and Rate Increase Request will be held
6 on September 24, 2024, and

7
8 **WHEREAS**, GWA is proposing a first quarter budget for CCU approval as rate action by
9 the PUC will occur on the same date as the CCU regularly scheduled meeting in September, not
10 providing sufficient time to develop a budget in response to the PUC rate order which will impact
11 the FY2025 budget; and

12
13 **WHEREAS**, having an FY2025 budget to fund GWA operations at the start of the new
14 fiscal year on October 1, 2024, is urgent and necessary; and

15
16 **WHEREAS**, the proposed first quarter budget projects fund sources of \$32.38 million (net
17 of bad debt) in water and wastewater service rates and fees across all customer classes, and
18 \$600,000 in investment income; and

19
20 **WHEREAS**, operating expenses are projected at \$21.30 million covering 3 months of
21 power at \$5.10 million, water at \$3.40 million, salaries and benefits at \$7.36 million,
22 administrative and general expense at \$2.15 million, contractual expense at \$1.34 million, and
23 retiree costs at \$1.96 million; and

24
25 **WHEREAS**, the short-term budget also allows for \$9.69 million in debt services payment,
26 \$1 million for Internally Funded Capital Improvement projects, and debt service coverage of 1.25
27 as presented in Exhibit A attached hereto.

28
29 **NOW BE IT THEREFORE RESOLVED**; the Consolidated Commission on Utilities
30 does hereby approve the following:

- 31 1. The recitals set forth above hereby constitute the findings of the CCU.

- 1 2. The CCU authorizes an interim first quarter FY25 budget for GWA for
2 operations and maintenance activities pending PUC approval of Docket 24-05
3 3. The CCU requests management to submit a revised FY2025 Operations &
4 Maintenance Budget as soon as is practical following the PUC adjudication of
5 the FY2025-FY2029 Five-Year Financial Plan and Rate Increase Request.
6

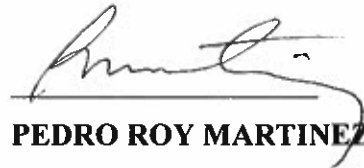
7 **RESOLVED**, that the Chairman certified, and the Board Secretary attests to the adoption
8 of this Resolution.
9

10 **DULY AND REGULARLY ADOPTED**, this 27th day of August 2024.
11

12 Certified by:

Attested by:

13 
14 _____


15 _____

16 **JOSEPH T. DUENAS**

PEDRO ROY MARTINEZ

17 Chairperson

18 Secretary

19 **SECRETARY'S CERTIFICATE**

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, duly
24 and legally held at a place properly noticed and advertised at which meeting a quorum was
25 present and the members who were present voted as follows:

26 AYES:

27 4

28 NAYS:

0

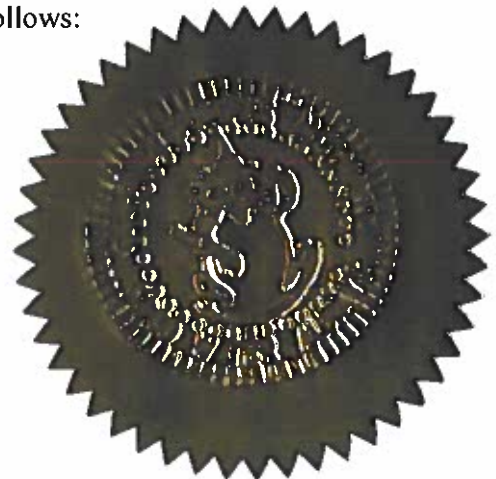
29 ABSENT:

1

30 ABSTAIN:

0

31 ///



Schedule A

Historical and Forecasted Operating Results, Proposed Rates

	Historical Year	Approved Docket 19-08	PROPOSED 1ST QUARTER BUDGET	
	FY 2023	FY 2024	YEAR-END PROJECTIONS FY 2024	FY 2025
Non-Lifeline Rate Increase	5.5%	16.7%	16.7%	0.0%
Lifeline Rate Increase	0.0%	16.7%	16.7%	0.0%
CASH SOURCES				
Water Service Revenues	69,672,862	80,479,614	79,600,069	19,900,017
Legislative Surcharge	2,147,271	2,958,520	2,810,565	702,641
Water SDC Revenues		489,600	809,074	202,269
Water Rate Revenues	\$ 71,820,133	\$ 83,927,734	\$ 83,219,708	\$ 20,804,927
Wastewater Service Revenues	29,675,878	36,483,092	35,671,161	8,917,790
Legislative Surcharge	707,754	976,821	1,259,498	314,875
Navy Revenues (w/surcharge)	7,094,928	7,347,687	8,778,363	2,194,591
Wastewater SDC Revenues		734,400	1,047,306	261,826
Wastewater Rate Revenues	37,478,560	45,542,000	\$ 46,756,328	\$ 11,689,082
Other Revenues	567,167	474,300	487,416	128,750
Rate Revenue Adjustment		-		
Bad Debt Adjustment	(421,467)	(2,262,236)	(989,267)	(247,317)
Total Operating Revenues¹	\$ 109,444,392	\$ 127,681,798	\$ 129,474,185	\$ 32,375,442
Interest / Investment Income	1,972,141	275,000	2,400,930	600,233
Rate Stabilization Transfers Out (In) ²	18,050,000	950,000	950,000	
TOTAL SOURCES	\$ 129,466,533	\$ 128,906,798	\$ 132,825,115	\$ 32,975,675
CASH USES				
Power Purchases ³	24,397,961	23,221,568	21,431,502	5,100,000
Water Purchases	7,038,954	5,900,000	15,696,662	3,397,638
Salaries & Benefits ⁴	27,272,268	29,705,247	27,944,629	7,355,399
Admin & General ⁵	9,023,292	9,687,858	9,326,494	2,149,560
Contractual Expense	5,575,264	7,464,494	6,411,266	1,336,767
Retiree Expense	3,560,495	3,755,617	3,924,231	1,962,115
O&M Subtotal	\$ 76,868,234	\$ 79,734,784	\$ 84,734,783	\$ 21,301,479
Debt Service	39,036,678	39,042,065	38,762,231	9,690,558
Internally Funded Capital (IFCIP)	2,836,370	8,784,879	8,784,879	1,000,000
TOTAL USES	\$ 118,741,281	\$ 127,561,728	\$ 132,281,893	\$ 31,992,037
Net Annual Cash Flow	\$ 10,725,252	\$ 1,345,070	\$ 543,222	\$ 983,638
DEBT SERVICE COVERAGE				
Net Revenues	\$ 52,598,299	\$ 49,172,014	\$ 48,090,332	\$ 11,674,196
Adjustment, SDC Revenues	-	(1,224,000)	(1,856,380)	(464,095)
Adjustment, Capitalized Labor	3,075,928	4,159,140	3,026,904	756,726
Adjustment, Other ⁶	673,200	715,649	701,500	175,375
Revenues Available for Debt Service	\$ 56,347,428	\$ 52,822,803	\$ 49,962,356	\$ 12,142,202
Total Debt Service	39,036,678	39,042,065	38,762,231	9,690,558
Debt Service Coverage	1.443	1.353	1.289	1.253

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