BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

PUBLIC UTILITIES COMMISSION
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IN THE MATTER OF: **GUAM WATERWORKS AUTHORITY'S FY2025-2029 APPLICATION AND REQUEST FOR RATE INCREASES; ANNUAL TRUE-UP SUBMISSION, PROJECTION, AND REQUEST FOR FY 2027 RATES**	**GWA Docket 24-05** **ORDER RE: ANNUAL TRUE-UP FOR FY2027 RATES**

INTRODUCTION

This matter is a True-Up proceeding for the establishment of GWA's FY2027 rates. The matter comes before the Guam Public Utilities Commission ["PUC"] upon GWA's filing of an FY2027 True-Up Application on April 13, 2026, and the JOINT STIPULATION between GWA and PUC Consultant Georgetown Consulting Group, Inc. ["GCG"], dated July 17, 2026.[1] The Joint Stipulation outlines a proposed settlement concerning the True-Up of FY2027 rate revenue recovery approved by the PUC in its Rate Decision Order dated September 24, 2024. Effective October 1, 2025, for FY2027, PUC had authorized GWA "to implement an Across-the-board 7.75% increase in water and wastewater rates."[2] However, the PUC indicated that the authorized rate increase for FY2027 was "subject to change in the annual true-up proceedings" and was not "final" until approved by the PUC in a true-up proceeding. The PUC ordered that a true-up proceeding would be conducted for the projected FY2027 rate increase.[3]

[1] GWA Annual True-Up Submission, Projection, and Request for FY2027 Rates, filed April 13, 2026; JOINT STIPULATION RE: FY2026 ANNUAL TRUE-UP OF GWA'S 5-YEAR FINANCIAL PLAN & FY2025-2029 RATE INCREASES, GWA Docket 24-05, dated July 17, 2026. A copy of the JOINT STIPULATION is attached to the ALJ Report as Exhibit "1" and incorporated herein by reference.
[2] PUC Order, GWA Docket 24-05, Rate Decision, dated September 24, 2024, at p. 23.
[3] Id.

BACKGROUND

After GWA filed its Annual True-Up Submission and Request for FY2027 Rates, the Parties met virtually with the Administrative Law Judge and agreed to a Scheduling Order providing for discovery/requests for information, conferences between GWA and PUC staff, and the development of a Final Stipulation.[4] GCG propounded two sets of Requests for Information, and GWA responded thereto. There were numerous conferences conducted between GWA, GCG, and the Administrative Law Judge.

On June 29, 2026, GCG submitted its Position Statement concerning the GWA True-Up filing for test-year FY2027.[5] Thereafter the Parties met in person in San Francisco, California, to negotiate the signing of a Joint Stipulation. GWA and GCG conducted in-persons stipulation negotiations in good faith from July 7 through July 9, 2026; the Joint Stipulation was executed by the Parties on July 17, 2026.

ADOPTION OF THE JOINT STIPULATION AND ALJ REPORT

In support of GWA's FY2027 rate revenue recovery level, GWA and GCG have stipulated to certain adjustments of GWA's FY2027 Annual True-Up filing which are summarized in the attached *True-Up Schedule A-3: Historical and Forecasted Operating Results with Stipulated Adjustments.*[6] The Parties concur that GWA's True-Up Application, supported by a Rate Application Model (RAM), provides all the minimum filing requirements in 12 GCA Chapter 12 and data required by the PUC Rules.[7]

The Parties jointly recommend that the *stipulated adjustments* be reflected in the PUC's FY2027 True-Up Rate Decision and Order.[8]

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[4] Administrative Law Judge Scheduling Order, GWA Docket 24-05, dated June 9, 2026, a copy of which is attached to the ALJ Report as Exhibit "2".

[5] Georgetown Consulting Group Inc. Position Statement concerning the GWA True-Up filing for test-year FY2027, GWA Docket 24-05, dated June 29, 2026.

[6] JOINT STIPULATION at True-Up Schedule A-3.

[7] Id. at p. 1.

[8] Id. at p. 2.

The PUC adopts in full the JOINT STIPULATION and the ALJ REPORT filed in this Docket. Such recommendations and conclusions are adopted herein by reference and constitute the determinations of the PUC.

ORDERING PROVISIONS

After careful review and consideration of the record herein, the GWA FY2027 True-Up Application, the ALJ Report dated July 31, the Final RAM submitted herein, for good cause shown, on motion duly made and seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** the following:

1. All rulings and orders of the ALJ in this proceeding are confirmed and ratified.
2. The findings, conclusions and recommendations in the JOINT STIPULATION, the ALJ Report, and the Final RAM FY2027, and the adjustments and schedules set forth therein, are approved and adopted.
3. The adjustments and affirmations of GWA's FY2027 Annual True-Up filing, as summarized in True-Up Schedule A-3, attached hereto, Historical and Forecasted Operating Results with Stipulated Adjustments, are fully approved and adopted.
4. All adjustments to projected revenues and projected operating expenses, as set forth in the JOINT STIPULATION and the table included therein, are approved and adopted.
5. As a result of the stipulated adjustments to revenues and expenses agreed by the Parties, the targeted FY2027 revenue recovery level is reduced by $2,910,986, from $166,847,782 to $163,936,796 for purposes of this FY2027 True-Up Order. The revenue recovery level will be achieved by an 6.25% rate adjustment to all non-lifeline rate components and a legislative surcharge of 3.55%.
6. Effective October 1, 2026, GWA is authorized to implement a 6.25% rate increase to all non-lifeline rate components and a legislative surcharge of 3.55%.
7. GCG has recommended that a new and separate Docket should be opened by the PUC to evaluate the Structuring of prospective Revenue Bond Issues with Capitalized Interest. The Parties agree that the upcoming $100M FY2027 Bond Issuance shall not require interest to be capitalized. However, the Parties are diametrically opposed in their

positions as to whether capitalized interest is a benefit to ratepayers. Rather than delaying the PUC's determination of rates for FY2027, the parties have stipulated that the issue of whether capitalized interest shall be required for future bond issuances will be determined in a separate docket proceeding. As a matter of principle, GCG contends that customers should not be required to pay interest on the full bond issuance while the bond proceeds remain unspent or support projects under construction. GWA contends that capitalizing interest for 3 years would greatly increase annual debt service by as much as 24% over the remaining 27-year repayment period. In this new docket, there will be an independent adjudication to evaluate the structuring of perspective revenue bond issuances with capitalized interest. The parties have agreed to participate in such proceedings under the guidance of the Administrative Law Judge, with each party providing its positions. The docket will be independently evaluated on its own merits without any presumption that prior bond issuances of GWA established a precedent for future bond structures. The Parties and their representatives will be allowed to present testimony, and the proceedings will be subject to and informed by appropriate authorizations in accordance with Guam law. The ALJ is directed to proceed to establish such docket.

8. The customer water and wastewater rates set forth in the final RAM and in the exhibits to the ALJ Report are hereby adopted and approved. The rates proposed by the Parties in the JOINT STIPULATION and the final RAM are just and reasonable pursuant to 12 GCA §§ 12116 and 12118.
9. GWA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses are authorized pursuant to 12 GCA §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Dated this 20th day of August 2026.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner