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**§ 12000. Definitions.**

As used in this Chapter:

(a) *Public Utility* means the Guam Power Authority, the Guam Waterworks Authority or any duly licensed private contractor operating: (i) a facility or subsystem of the community-wide water production and distribution system, or (ii) a facility or subsystem of the community-wide waste water disposal system, or both, or any private golf course management corporation leasing public property providing preferential golf rates and reservations to Guam residents.

(b) *Commission* means the Public Utilities Commission.

(c) *General lifeline rate* means a lower than average cost per unit charge for a level of utility service necessary to fulfill the essential needs of all residential customers.

**SOURCE:** Added by P.L. 17-74; amended by P.L. 19-34:23:B. Subsection (c) added by P.L. 21-142:2. Subsection (a) amended by P.L. 23-119:6; P.L. 25-05:3; P.L. 24-295:2; P.L. 26-66:1. Subsection (a) repealed and reenacted by P.L. 27-110:8.

**§ 12001. Public Utilities Commission: Number, Appointment of Commissioners.**

There shall be a public corporation and autonomous instrumentality within the government of Guam, to wit, a Public Utilities Commission composed of seven (7) members to be called Commissioners, who shall be selected as follows:

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(a) I Maga'Lahren Guåhan [Governor of Guam] shall appoint, with the advice and consent of I Liheslaturan Guåhan [Guam Legislature], two (2) members from the business community of Guam; one (1) member who is a certified public accountant; one (1) member who has managerial or engineering experience in the field of power generation; one (1) member who has training and experience in the field of telephone, water or sewer utilities management, or related area; and two (2) members who are from the community-at-large.

Except for the initial term, the terms of such members shall be for six (6) years. No member shall be a director, deputy director, appointed, unclassified employee, any other unclassified employee of the government of Guam, or a member of any other board or commission. The appointment of any person to the Commission shall become void if at any time during that person's term of office, that person shall become a director, deputy director, appointed to any unclassified position in the government of Guam, or accept appointment to any other board or commission.

(b) The Commissioners shall serve staggered terms. One (1) of the initially selected members shall serve a term of one (1) year, three (3) of the initially selected members shall serve a term of three (3) years, and three (3) of the initially selected members shall serve a term of five (5) years.

(c) Any vacancies occurring in the membership of the Commission during a term shall be filled by the Governor selecting a person from the same category as that from which the person creating the vacancy was appointed. Every person filling a vacancy shall be confirmed by the Legislature. Any person filling a vacancy shall serve only for the unexpired portion of the term.

(d) When there is a change of administration of the government of Guam after a gubernatorial election, no courtesy resignation shall be requested by the new administration of the government of Guam nor offered by any Commissioner.

(e) The members of the Public Utilities Commission shall elect a chairperson.

(f) At the first meeting of the Public Utilities Commission, the members shall draw lots to determine which members shall serve

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the one (1) year term, the three (3) year terms, and the five (5) year terms.

(g) The Commission may remove or suspend for cause any member of the Commission after due notice and public hearing.

(h) No person owning any bonds of any public utility regulated by the Commission or deriving any remuneration from any public utility regulated by the Commission shall be eligible to serve as a Commissioner or be employed by the Commission. Further, no person who is an officer or director, or who owns a financial interest in a corporation or partnership doing business with a regulated utility shall be eligible to serve as a Commissioner or be employed by the Commission.

(i) No Commissioner shall during the two (2) years immediately following termination of service on the Commission be employed by any public utility which is regulated by the Commission.

(j) No Commissioner may serve on any other board or commission of the government of Guam during his term as Commissioner of the Public Utilities Commission.

**SOURCE:** Added by P.L. 17-74; amended by P.L. 20-66:3. Subsection (a) amended by P.L. 24-47:1. Subsection (a) amended by P.L. 24-143:18; P.L. 25-05:4; P.L. 26-66:2.

**§ 12001.1. Ratepayers' Bill of Rights.**

*I Liheslaturan Guåhan* finds that the services provided by Public Utilities are basic necessities that the residents of Guam must receive in order to function in modern life. *I Liheslaturan Guåhan* also finds that because residents have very little choice in purchasing these basic necessities, they are held captive to the rates and rate increases of the Public Utilities. Any rate increase therefore diminishes the amount of hard-earned wages residents have to spend on other basic necessities, such as food, shelter and clothing, as well as the amount of hard-earned wages they have to set aside for retirement, college, emergencies or a family business.

While *I Liheslaturan Guåhan* recognizes that over a long period of time, an increase in utility rates is inevitable, such rate increases must be made out of absolute necessity, and only after every cost-cutting effort has been made and every other available option has been exhausted. *I*

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*Liheslaturan Guåhan* intends to make it clear that it does not want to interfere with the ability of the Public Utilities Commission to regulate and set rates for the Public Utilities, but *I Liheslaturan Guåhan* also intends to make it abundantly clear that no Public Utility shall submit a proposal for a rate increase without first giving the people of Guam more than ample opportunity to exercise their fundamental rights as ratepayers. Those fundamental rights of the ratepayers include:

- (1) the right to receive clear and adequate notice of any proposed rate increase;
- (2) the right to be fully informed about and to fully evaluate any proposed rate increase, as well as the finances of a Public Utility; and
- (3) the right to give input and participate in any proposed rate increase.

It is these basic rights which the Ratepayers' Bill of Rights seeks to uphold.

**SOURCE:** Added by P.L. 26-023:1 (July 5, 2001).

**§ 12001.2. Proposed Public Utility Rate Increases.**

(a) Sections 12001.1 through 12001.2, which shall be known as the Ratepayers' Bill of Rights, shall in no way restrict the powers of the Public Utilities Commission ('Commission') granted in this Chapter to regulate or set rates for a Public Utility. The Ratepayers' Bill of Rights sets conditions *only* on the manner in which a Public Utility shall submit a proposed rate increase to the Commission. No Public Utility, as defined in §12000 of this Chapter, with the *exception* of the Guam Memorial Hospital, may submit a proposed rate increase to the Commission before complying with the mandates of this Section. This Section shall *not* apply to the Guam Memorial Hospital.

(b) A Public Utility shall publish notice of any proposed rate increase in a newspaper of general circulation, as defined in §8104 of Chapter 8 of Title 5 of the Guam Code Annotated, *Open Government Law*, at least three (3) months *before* submitting it to the Commission. The published notice shall include the Public Utility's intention to submit a proposed change in its rates in three (3) month's time, its current utility rate, the proposed rate, the amount of increase *and* a justification for the increase.

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(c) A Public Utility shall mail a notice to every ratepayer *at least* one (1) month *before* submitting a rate change proposal to the Commission. The notice shall state the Public Utility's intention to submit a proposal to increase its rates in one (1) month's time, its current utility rate, the proposed rate, the amount of increase *and* a justification for the increase.

(d) The Public Utilities Commission ('PUC') shall annually conduct a study comparing the staffing pattern and manpower levels of the Public Utilities under their purview to the staffing patterns and manpower levels of *at least* four (4) other utilities in the United States Mainland which provides similar services to a comparable number of customers.

The first such study mandated herein shall begin *no less than* sixty (60) days after the effective date of this Act. The PUC shall publish the results of such studies in a newspaper of general circulation, as defined in §8104 of Chapter 8 of Title 5 of the Guam Code Annotated, *Open Government Law*. The studies shall be made available to residents attending the public hearings on the proposed rate increase. The PUC must, in determining approval of any proposed rate increase, take into account the results of such studies and order reductions or other adjustments in the operations of the Public Utility requesting a rate adjustment, as recommended or suggested by such studies, *prior* to granting approval for a rate increase.

It is the intention of *I Liheslaturan Guåhan* that the PUC mandate reductions in unnecessary levels or areas of expenditure in Public Utilities *prior to*, or in conjunction with, approval of any rate increase. Any Public Utility that has received an order from the PUC to reduce expenditures in any area of operations shall comply with such order, and failure to do so is a grounds for disapproval of a rate increase proposal.

(e) A Public Utility, *at least* one (1) month before submitting a rate increase proposal to the Commission, shall publish on a World Wide Web ('Web') page, available through the Internet, all the information provided in its public notices required by this Section. The Web page shall also include a message board, or an electronic mail address, by which the public can submit its opinions, testimony and any reactions to the proposed rate increase or to the information provided on the Web page.

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**SOURCE:** Added by P.L. 26-023:2 (July 5, 2001).

**§ 12002. Operation of Commission.**

(a) The Commission shall retain on an as needed basis those professional services required by the Commission in the performance of its duties. The Commission may employ administrative staff personnel for the conduct of Commission business.

(b) The Commission may also appoint an attorney, who shall serve at the pleasure of the Commission and whose duties, which may include service as the Commission's administrative law judge, shall be fixed by the Commission. The attorney, who must have been admitted to practice before the Supreme Court of Guam, shall advise the Commission on all legal matters to which the Commission is legally interested, and may represent the Commission in connection with legal matters before I Liheslaturan Guåhan, the courts of Guam, and boards and other agencies of Guam. The Commission is authorized to establish by rule or order that each public utility regulated under this Chapter shall be assessed the costs incurred by the Commission for professional services rendered by the attorney.

(c) If the agency's determination is reversed by the Commission, then the Commission shall award reasonable attorney's fees to the customer and costs. The remedies contained in this Title are not exclusive, and the customer may, at the customer's sole option, proceed under this Title, under Section 100 of Chapter III-B of Title I of the Guam Code of Civil Procedure, or may pursue any other remedies available.

**SOURCE:** Added by P.L. 17-74; R/R by P.L. 20-94:28. Amended subsection (b) by P.L. 26-18:2.

**§ 12002.1. Operation of Commission-Additional.**

Notwithstanding any other provision of law, the Public Utilities Commission may meet for purposes of gathering information on utilities and requesting, demanding and accepting reports and documents from regulated utilities, and for other purposes. The Commission may continue in limited operation, as funds are available or on a volunteer basis, for purposes of monitoring the regulated utilities and making such orders, rules, and regulations, as may be appropriate to monitor such agencies and insure that orders of the Commission are complied with.

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Financial documents and reports of publicly owned utilities are hereby declared to be public documents.

**SOURCE:** Enacted by P.L. 18-33:29; codified by Compiler.

**§ 12003. Annual Report.**

The Commission shall prepare and present to the Governor and to the Speaker of the Legislature, in January of each year, a report respecting its actions during the preceding fiscal year, if any, together with its recommendations respecting legislation.

**SOURCE:** Added by P.L. 17-74.

**§ 12004. General Powers and Duties.**

The Commission shall have regulatory oversight supervision of rates as set forth in this Chapter over each public utility and shall perform the duties and exercise the powers imposed or conferred upon it by this Chapter. The Commission in the discharge of any of its duties or the exercise of any of its powers, except a final determination affecting a public utility, may act through one or more of its Commissioners designated by the Commission for this purpose. The Commission shall investigate and examine any rates and charges charged by any utility, and all records pertinent thereto. The Commission may seek advice from an independent utility expert, shall approve, disapprove, increase or reduce rates for each utility. The Commission shall establish and modify from time to time, reasonable rates and charges for services, including General Lifeline Rates, which as far as Guam Telephone Authority, the Guam Waterworks Authority, and Guam Power Authority are concerned, when all rates for respective blocks of usage are considered together, shall be at least adequate to cover the full cost of such service or subject to any contractual agreements of the utilities to the holders of any bonds and shall increase rates or charges from time to time as may be necessary pursuant to any contractual obligations, except that General Lifeline Rates may only be increased when the total actual overall cost of providing service to all classes of customers, increases by no less than twenty percent (20%). The utilities shall not, however, enter into any contractual agreements or obligations which could increase rates and charges prior to the written approval of the Commission. No money in any utility sinking fund may be released except for the purpose for which it is dedicated.



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No rate change may be approved by the Commission unless it is affirmatively established, by a preponderance of the evidence, that a rate change is necessary. The Commission shall conduct such investigation and hearings as to any such rate changes as it deems necessary. As to the Guam Power Authority, the Commission shall ensure that rates will, at all times, be sufficient to enable the utility to meet its financial obligations, operating expenses, debt service and capital improvement needs. Any rate change shall be considered by the Commission using standards and financial criteria consistent with generally accepted rate-making practices of public utilities and in full consideration of the requirement to establish and maintain General Lifeline Rates.

The Commission shall have the power to enter into contracts and execute all instruments necessary or convenient in the exercise of its powers, adopt a seal, and sue or to be sued in its own corporate name.

At any public hearing concerning the establishment or modification of any rate, the commission may consider any factual testimony and evidence presented by the general public. In addition, any member of the public may present witnesses at such public hearing, upon a timely application made to the commission. The commission, in determining whether a member of the public may be allowed to present witnesses, shall take into account an offer of proof to be filed with the application for such privilege and determine whether the proof offered would add anything to the proceedings. The request to present witnesses may be denied if the commission finds that such action is of a dilatory nature or would otherwise impede the operations of the commission unduly. The right to present evidence and witnesses shall be liberally granted as long as such activity would not unduly impede the activities of the commission or delay the decision making process of the commission. Nothing herein shall prevent any witness from testifying at a public hearing on his own behalf and presenting any type of documentary or physical evidence at the time of testimony which may be relevant to the matter before the commission. The Commission shall give such weight to the testimony and evidence presented by the general public as it gives to evidence presented by the participants before the Public Utility Commission in the docket concerned and shall hold the evidence presented by the general public to the same criteria, the same standards of proof, and the same rules of evidence as would be applicable to a participant. Any participant may make objections to the introduction of

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evidence by any member of the general public upon any grounds which would be appropriate if such evidence were being presented by a participant to the proceedings. The commission may allow cross-examination of witnesses by participants to the proceedings and may, if appropriate, allow participants an opportunity to refute evidence presented by the general public if the interests of justice so require.

**SOURCE:** Added by P.L. 17-74; amended by P.L. 18-09:23 and P.L. 20-66:4. Amended by P.L. 21-142:3. Amended by P.L. 23-30:1 (6/27/95) to permit increased public participation in Commission hearings. Amended by P.L. 23-119:4.

**NOTE:** Public Law 26-76:21 stated:

Section 21. PUC to Continue to Regulate Rates. The Public Utilities Commission ("PUC") shall continue to have jurisdiction in regulating and setting rates for both the Guam Waterworks Authority ("GWA") and the Guam Power Authority ("GPA"). Nothing in this Act shall be construed as impairing the powers, duties or effectiveness of the PUC in relation to GWA or GPA.

**§ 12005. Powers.**

The Commission shall have the following powers which it may exercise in carrying out its mandate to regulate rates: to examine the financial records of each public utility including all bank records; the terms and conditions of any contracts with the United States Government; terms and conditions of any refinancing provisions by the Federal Finance Bank and the Department of the Interior; its costs of operations and costs charged to it by the United States Government; schedules of rates and classifications; the value and condition of the utility's physical property, including that of the United States Government where appropriate; the issuance on behalf of the utility of bonds and the disposition of the proceeds thereof; the volume of unit sales; the amount and disposition of its income; all its financial transactions; its compliance with contracts, covenants, promissory notes and other terms of indebtedness; its compliance with all applicable territorial and federal laws and with the provisions of its franchise, articles of incorporation and enabling legislation. The Commission shall have the power at any time to examine the financial condition of the utility.

**SOURCE:** Added by P.L. 17-74.

**§ 12006. Quorum.**

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Four (4) Commissioners shall constitute a quorum. An affirmative vote of at least four (4) Commissioners present at a meeting where a quorum is present shall be required for the Commission to act or issue a decision.

**SOURCE:** Added by P.L. 17-74. Amended by P.L. 25-05:5; P.L. 26-66:5.

**§ 12007. Public Utilities to Furnish Information.**

Every public utility shall at all times, upon request, furnish to the Commission all information that it may require respecting any of the matters concerning rates and charges, revenues and expenditures which it is given power to investigate, and shall permit the examination of its books, records, contracts, maps and other documents by the Commission, or any person authorized by it in writing to make such examination, and shall furnish the Commission a complete inventory of its property in such form as the Commission may direct. Every public utility shall furnish the Commission with annual reports containing information to be specified by the Commission as well as copies of all internal financial statements used by the utility on a monthly, quarterly or regular basis. The Commission shall require the utilities to follow standard utility accounting procedures, or, in the case of the Guam Power Authority to follow the accounting procedures required by the Federal Energy Regulatory Commission.

**SOURCE:** Added by P.L. 17-74.

**§ 12008. Commission May Compel Attendance of Witnesses, Etc.**

In all investigations made by the Commission, and in all proceedings before it, the Commission shall have the same powers respecting administering oaths, compelling the attendance of witnesses and the production of documentary evidence, and examining witnesses as are possessed by the Superior Court. In case of contempt or disobedience by any person to any order of the Commission or any subpoena issued by it, or of the refusal of any witness to testify to any matter regarding which he may be questioned lawfully, the Superior Court, on application by the Commission shall compel obedience and punish said person as in the case of disobedience of the requirements of a subpoena issued from the Superior Court or a refusal to testify therein. Nothing herein shall be construed as in any manner giving to any public utility immunity of any kind except as may already be conferred by law. The fees and traveling expenses of witnesses shall be the same as allowed witnesses in the

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Superior Court and shall be paid out of any appropriation available for the expenses of the Commission. All meetings and hearings of the Commission shall be public and minutes and records of each meeting shall be kept. Personnel matters of employees of the Commission may be handled in an executive session.

**SOURCE:** Added by P.L. 17-74.

**§ 12009. Rates to be Published.**

The rates, all assessment costs, classifications, charges and rules of every public utility shall be published by the public utility in such manner as the Commission may require, and copies furnished to any person on request.

**SOURCE:** Added by P.L. 17-74.

**§ 12010. Notice of Hearings.**

Whenever an investigation or proceeding is undertaken by the Commission, reasonable notice in writing of such fact and of the subject or subjects of the investigation or proceeding shall be given to the public utility concerned, and a notice in writing of the date and place fixed by the Commission for beginning the investigation shall be served upon the public utility not less than two (2) weeks before the date designated for the hearing.

**SOURCE:** Added by P.L. 17-74.

**§ 12011. Right to be Represented by Counsel.**

At any investigation by or proceeding before the Commission, the public utility concerned shall have the right to be present and represented by counsel, to present any evidence desired, and to cross-examine any witness who may be called.

**SOURCE:** Added by P.L. 17-74.

**§ 12012. Public Utilities Commission Fund.**

A Public Utilities Commission Fund shall be established for the use of the Public Utilities Commission for its operations, consisting of amounts as may be placed therein pursuant to the provisions this of Chapter.

**SOURCE:** Added by P.L. 17-74.

**§ 12013. Commission may Make Rules and Establish Fees.**

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In the hearings before it, the Commission is not bound by the procedures set out in 5 GCA Chapter 5, Article 2, but may establish its own procedures for the conduct of hearings and the admission of evidence. It shall establish its own procedures however, by promulgating rules according to the rule-making procedures set out in 5 GCA Chapter 5, Article 3 (Administrative Adjudication Law). The Commission shall not be bound by the strict rules of the common law relating to the admission or rejection of evidence, but may exercise its own discretion in these matters with a view to doing substantial justice. The Commission may establish and amend a schedule of reasonable fees and costs for copies of papers and records requested by interested parties, and for the filing and serving of papers and documents required of public utilities by this Chapter. All such fees and costs charged and collected shall be paid into the Public Utilities Commission Fund.

**SOURCE:** Added by P.L. 17-74.

**§ 12014. May Make Recommendations and Bring Suits.**

If the Commission is of the opinion that any public utility is violating or neglecting to comply with the terms of its loans and contracts, or with any territorial or federal law, or any provisions of its franchise, charter, enabling legislation or articles of incorporation, if any, or any rule, or order of the Commission; or that any rates, assessment costs, or, charges are unreasonable or unreasonably discriminatory; it shall in writing inform the public utility of its conclusions and recommendations, shall include the same in its annual report, and may also publish the same in such manner as it may deem wise. The Commission may examine into any of the matter referred to in § 12005, notwithstanding that the same may be within the jurisdiction of any court or other body, and when after the examination the Commission is of the opinion that the circumstances warrant, it shall effect the necessary relief or remedy by the institution and prosecution of appropriate proceedings or otherwise before such court or other body, in its own name or in the name or names of any complainant or complainants, as it may deem best.

**SOURCE:** Added by P.L. 17-74.

**§ 12015. Regulation of Rates.**

(a) All rates, charges, assessments, and costs made or charged by any public utility shall be just and reasonable and in conformance with public law, and shall be filed with the Commission; and no rate, charge

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or assessment cost shall be established, abandoned, modified, departed from or changed without a public hearing and the prior approval of the Commission. The Commission, upon notice to the public utility, may suspend the operation of any proposed rate, charge or assessment cost, or any proposed abandonment or modification thereof or departure therefrom, and after a public hearing by order regulate, fix and change all such rates, charges, General Lifeline Rates, or assessment costs so that the same shall be just and reasonable, and may prohibit rebates and discrimination between localities, or between consumers, under substantially similar conditions.

(b) Pursuant to its authority, Commission (hereafter *Commission*) and Public Utility Agency of Guam (hereafter "PUAG") shall immediately begin proceedings to establish rates for the Public Utility Agency of Guam, to be completed by December 1, 1996 for implementation as hereinafter indicated. As to setting these initial rates, and reviewing interim rates, PUAG is authorized to shorten time and the various days required for notices under any law, rule or regulations as long as reasonable notice is given to the public and the concerned party.

(c) Interim rates. Until December 31, 1996, interim rates at PUAG shall be set by the Governor, who shall set rates for water, sewer, and auxiliary services at PUAG which are fair and reasonable and in accordance with the standards for the Commission in 12 GCA § 12015.1, and in accordance with generally accepted rate setting practices for publicly owned Public Utilities. Such interim rates shall not exceed the amount reasonably necessary for estimated operational costs, maintenance costs, required capital improvements, and other reasonable costs and charges during the period from the date of implementation of the interim rates to December 31, 1996. The PUC may reduce the interim rates set by the Governor if excessive, with the burden on the Governor and the PUAG to establish that the interim rates are fair and reasonable and in accordance with this Chapter. The Governor, during the period until December 31, 1996, may modify the interim rates after a hearing. Such interim rates may be billed as to given customers only upon an actual meter reading closing out usage at the old rate and setting a base for beginning the interim rates, with all subsequent billings until April 1, 1997 being based on actual (not estimated) readings. All interim rates shall be filed with the Commission and the Speaker of the Guam Legislature at least 15 days before becoming effective.

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(d) The interim rates at PUAG shall expire as of the last billing cycle of December 1996 for each customer and thereafter the new rates approved by the Commission shall apply.

(e) The rate package prepared by the Commission shall include, at a minimum, a management audit, and a rate and cost of services study.

(f) In addition to the appropriation for the operations of the PUAG contained in Section 3 of Chapter III of this Act, and in addition to the transfer authority provided in Section 7 of Chapter V of this Act, if rates charged by the PUAG are insufficient to cover operations, the Governor is authorized to transfer up to Five Million Dollars (\$5,000,000) from any outstanding appropriations from the General fund to the Public Utility Agency of Guam as supplemental funding.

**SOURCE:** Added by P.L. 17-74; as amended by P.L. 18-09:24. Amended by P.L. 21-142:4. Repealed and Reenacted by P.L. 23-45:IV:16. Subsection (a) amended by P.L. 25-05:6; P.L. 26-66:3.

**§ 12015.1. Financial Autonomy of the Public Utility Agency of Guam.**

**[Repealed.]**

**SOURCE:** Enacted by P.L. 18-9:25 and R/R by P.L. 18-11:8. Repealed by P.L. 23-119:2(c).

**§ 12015.2. Water and Sewer Rate Exception.**

**[Repealed.]**

**SOURCE:** Enacted by P.L. 18-33:26; codified by Compiler. Repealed by P.L. 23-119:2(c).

**§ 12015.3. Monetary Charges for the Beneficial Use of Water Obtained by Private Water Well Operators.**

Rates shall be established for water obtained by private water well operators as follows:

(a) The Public Utility Agency of Guam (*PUAG*) shall establish separate classes of monetary charges for water, potable and non-potable water (brackish water for irrigation use), drawn by private water well operators.

(b) Said rates shall reflect the cost of activities required to be performed by PUAG and the Guam Environmental Protection

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Agency with respect to such private water well operators as required by law, plus a monetary charge to compensate the people of Guam for the extraction of water, a public resource.

(c) In arriving at an appropriate rate for water withdrawn by private water well operators, PUAG shall take into account the average capital investment and recurring operational costs to the operators of such private water wells.

(d) PUAG shall, within sixty (60) days of enactment of this section, submit to the Legislature the schedule of monetary charges made pursuant thereto. The Legislature shall, within seven (7) legislative days of receipt, act upon such proposed schedule of monetary charges. In the event no action is taken within such seven (7) legislative days, the schedule of monetary charges as proposed by PUAG shall go into effect. In the event rate setting authority for service rates of PUAG is placed under the Public Utilities Commission (the "Commission"), PUAG shall submit the proposed schedule of monetary charges to the Commission for review and disposition, and such schedule of monetary charges shall become effective upon its approval by the Commission.

**SOURCE:** Added by P.L. 22-47:2.

**§ 12015.4. Establishment of Targeted Lifeline Rates for Local Exchange Telephone Service.**

Notwithstanding any other provision of law, the Commission shall establish and modify from time to time, Targeted Lifeline Rates for local exchange telephone service that are consistent with policies and procedures established by the Federal Communications Commission ('FCC').

(a) Eligibility Criteria. Subscribers are eligible for the Targeted Lifeline Rate for a single residential telephone line if they meet the low income eligibility criteria established by the FCC.

(b) Definition. In the case of local exchange telephone service a Targeted Lifeline Rate is defined as, the basic residential subscriber line rate less any Federal lifeline program support.

**SOURCE:** Added by P.L. 24-76:2.

**§ 12015.5 Water and Sewer System Development Charge.**



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(a) The Guam Waterworks Authority (“GWA”) shall establish and implement, subject to the prior approval of the Commission in subsection (b), a water and sewer system development charge schedule, which charges shall be assessed on each user who is for the first time connecting property into the Guam’s water or wastewater system, or to each builder if the density of development on existing connection is increased. Such charge schedule shall seek to recover the additional costs associated with constructing, expanding, upgrading and repairing water and wastewater facilities for such new users and development, and shall take into account existing infrastructure on the property, present and future user demands, requirements for water and/or sewer services, and installation of infrastructure to be done by the user or builder.

(b) Pursuant to its authority, the Commission shall immediately begin proceedings to promptly establish and approve the water and sewer system development charge schedule for GWA. The Commission has the authority to adopt and approve a charge schedule for GWA which complies with Subsection (a) of this Section; provided, that nothing herein shall limit the Commission’s authority and jurisdiction to establish and approve General Lifeline Rates for GWA which may apply to the water and sewer development charge schedule. The charge schedule shall be applied to users and developers by GWA upon its adoption and approval by the Commission, and no charges shall be assessed prior to adoption and approval by the Commission.

(c) Notwithstanding any other provision of law, all revenues generated by the water and sewer system development charge schedule will be deposited into the Island Water and Sewer Infrastructure Development Fund. Such funds shall be administered by GWA. However, GWA shall file annually for Commission review and approval a full accounting of the receipts and expenditures into and from the Fund with appropriate details of the sources and expenditures into and from the Fund.

(d) The Island Water and Sewer Infrastructure Development Fund shall only be expended for costs associated with the construction, expansion, upgrade, and repair of water and wastewater facilities for users who are for the first time connecting property into the Guam’s water or wastewater system, or for builders if the density of development on existing connection is increased.

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(e) Fees due under the water and sewer development charge schedule adopted by the Commission shall be paid to GWA prior to the issuance of a building construction permit. Subsequent to the adoption and approval of the charge schedule by the Commission, no building construction permit shall be issued without a certificate issued by GWA that all fees due under the charge schedule have been paid.

(f) Any person may contest any proposed assessment for the water and sewer development charge schedule made or determined by GWA by filing with GWA a written protest at any time prior to the issuance of a building construction permit. All protests shall be prepared in the form and contain such information as GWA shall reasonably require, and shall include a summary statement of the grounds upon which the person relies and that person's reasons for disputing the assessment of GWA. GWA shall make a determination with respect to the protest and, if required, make an adjustment to the assessment within thirty (30) days of receipt of such protest. Persons dissatisfied with GWA's determination may file a petition with the Commission to review such determination within thirty (30) days of GWA's determination.

(g) Except as provided hereafter, each person who made a voluntary contribution under Section 56119 of Title 5 of the Guam Code Annotated shall be compensated to the extent the amount contributed is greater than the charges that would apply under the charge schedule approved by the Commission. Such persons shall be compensated the difference through an abatement of gross receipts taxes equal to the differential. Persons seeking credits under this Subsection shall make an application to GWA within one (1) year of the date of enactment of this Act, and GWA shall determine the amount of any credit within ninety (90) days of its receipt of the application. Persons dissatisfied with GWA's determination may file a petition with the Commission to review such determination. This Subsection shall not apply to persons who previously received credits under Section 56119 of Title 5 of the Guam Code Annotated.

(h) Except for voluntary contributions previously made, no further assessments shall be collected or imposed by GWA or the Commission under Section 56119 of Title 5 of the Guam Code Annotated.

**SOURCE:** Added as § 12015.4 by P.L. 26-164:2. Renumbered by Compiler.

**§ 12015.6. Charges Authorized for Private Contractors If Their Systems are Integrated with GWA's.**

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The Guam Waterworks Authority ('GWA') may permit private contractors to operate community-wide water production and distribution systems, or wastewater disposal system(s), or both, and shall refer recommended rates to the PUC to establish rates for such water and wastewater systems if such systems are fully integrated within GWA's Island-wide water and wastewater systems. Such integration, including, but not limited to, rates, charges, assessments and costs, shall be set out in written joint operating agreements, approved by the PUC, between GWA and such private contractors.

**SOURCE:** Added as § 12015.3 by P.L. 24-295:5. Renumbered by Compiler.

**§ 12016. Public Hearings.**

The Commission shall hold *at least* three (3) public hearings on any change in proposed rates or charges. One (1) of the public hearings shall be held in a location in Northern Guam, one (1) of the public hearings shall be held in a location in Central Guam, and one (1) of the public hearings shall be held in a location in Southern Guam. The notice of public hearing herein provided for shall plainly state the rates, charges or assessment costs proposed to be established, abandoned, modified or departed from, and the proposed effective date thereof.

No hearings shall be held *unless* notice of the hearing, with the purpose stated thereof and the date, time and place at which it will be held has been advertised *not less than* once in each of three (3) weeks in a newspaper of general circulation on Guam, the first publication being *not more than* twenty-one (21) days before the scheduled hearing, and the last publication being *not less than* two (2) days before the scheduled hearing.

The Public Utility shall notify its consumers of the proposed change in rates in the normal billing process *not less than* three (3) weeks before the date set for the public hearing. The Commission may use additional media, such as radio or television, to advise the public *if* it finds it necessary to do so. The Commission shall also accept written testimony on the proposed rate increase from the public *after* the public hearings have been conducted.

**SOURCE:** Added by P.L. 17-74. Amended by P.L. 26-023:3

**§ 12016.1. Exemption From Certain Provisions.**

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In the conducting of any hearing pertaining to the implementation of the provisions of the act authorizing the emergency procurement of generating equipment (P.L. 21-117) the Commission shall be exempt from the provisions of § 12016 of this Chapter. The Commission is requested to act upon any request of the Guam Power Authority ("GPA") having to do with the implementation of such act expeditiously in order to enable GPA to timely accept such bids as it has received as may be approved by the Commission; provided, however, that the Commission's authority under § 12004 of this Chapter to determine the need, prudence and timing of contracts and obligations contemplated by such act is recognized and confirmed.

**SOURCE:** Added by P.L. 21-117:9.

**§ 12017. Just and Reasonable Defined.**

The term "just and reasonable" as used in this Article is defined as that rate, charge or assessment cost which enables the public utility to repay its debts, finance its obligations, finance its capital improvement needs and cover all its operating expenses. This Section shall have no application to Article 2 of this Chapter.

**SOURCE:** Added by P.L. 17-74. Repealed and reenacted by P.L. 27-110:9.

**§ 12018. Appeals.**

From every order made by the Commission under provisions of this Chapter which is final, or, if preliminary, is of the nature that deferral of review pending entry of a subsequent final decision would deprive appellant of adequate relief, an appeal shall lie to the Superior Court of Guam within thirty (30) calendar days from the date of the order. Failure of the Commission to act upon a rate request change within one hundred twenty (120) days of final filing by a public utility shall be deemed a final order denying said rate request change for the purposes of this Section.

A 'final filing' by a public utility occurs when a utility has filed all documentation necessary to support the request for a rate change. The appeal shall be deemed a review of an administrative proceeding and shall not be a trial de novo. The appeal shall not of itself stay the operation of the order appealed from, but the Superior Court of Guam may stay the order after a hearing upon a motion therefor, and may impose such conditions as it may deem proper as to giving a bond and

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keeping the necessary accounts or otherwise in order to secure a restitution of the excess charges, if any, made during the pendency of the appeal in case the order appealed from should be sustained, reversed or modified in whole or in part.

**SOURCE:** Added by P.L. 17-74. Amended by P.L. 26-27:1.

**NOTE:** P.L. 26-27:2 provides that this section shall affect all appeals before the Commission on the date of the enactment of the amendment (7/05/2001).

**§ 12019. Valuations.**

The Commission may cause a valuation to be made to ascertain for any purpose specified in this Chapter the value of the property of any public utility and every fact and element of value which in its judgment may have any bearing on such value. The Commission may make reevaluations and ascertain the value of all additions, extensions and acquisitions of property of any public utility.

**SOURCE:** Added by P.L. 17-74.

**§ 12020. Penalty.**

(a) Any public utility violating or neglecting or failing in any particular way to conform to or comply with this Chapter or any lawful order of the Commission shall forfeit to the Public Utilities Commission not more than Five Hundred Dollars (\$500.00) for every violation, neglect or failure per day.

(b) Any private contractor producing and distributing water or disposing of wastewater, as is regulated under § 12015.3 of this Chapter, which does not have a written joint operating agreement with GWA, or otherwise violates, neglects or fails in any particular way to conform to or comply with the provisions of this Chapter, or any lawful order of the PUC, shall forfeit to the PUC Five Thousand Dollars (\$5,000.00) for every violation, neglect or failure per day until such time as its permit and license, if any, are cancelled, or it otherwise ceases operations. All fines collected are to be deposited to the GWA.

**SOURCE:** Added by P.L. 17-74. Amended by P.L. 24-295:6.

**§ 12021. Perjury.**

Any person who willfully and knowingly makes under oath any false statement in connection with any investigation by or proceeding

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before the Commission shall be guilty of perjury, and upon conviction, shall be subject to the penalty prescribed by law for the offense.

**SOURCE:** Added by P.L. 17-74.

**§ 12022. Partial Invalidity; Severability.**

If any provision of this Chapter, or the application thereof to any person or circumstance, is held invalid, the remainder of the Chapter, or the application of such provision to other persons or circumstances, shall not be affected thereby.

**SOURCE:** Added by P.L. 17-74.

**§ 12023. Application to Interstate or Foreign Commerce.**

This Chapter and every provision thereof shall apply to commerce with foreign nations or to interstate commerce except insofar as such application is not permitted under the Constitution and laws and treaties of the United States or the Organic Act of Guam and the laws of Guam.

**SOURCE:** Added by P.L. 17-74.

**§ 12024. Review of Rates.**

Operating Cost of Commission.

(a) In addition to every other responsibility imposed upon the Commission by this Chapter, it shall within three hundred sixty five (365) days after the Commission first meets conduct review of the rates of every public utility to determine whether they are just and reasonable and shall take such action thereon to increase or decrease rates as it may deem appropriate.

(b) It is the intention of the legislature that the Commission shall operate on a self-sustaining basis; the Commission is authorized to establish by rule and order that each public utility regulated under this Chapter shall be assessed and the Commission shall collect in advance on a pro rata basis not to exceed in the aggregate the sum of One Hundred Thousand Dollars (\$100,000) for the payment of the necessary operating expenses of the commission in subsection (a) above. Additional payments may be ordered by the Commission against any special public utility regulated hereunder in rate cases or other such complex matter and proceedings which required the Commission to secure the review of

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technical or professional individuals or firms for preparation and hearing of such matters and proceedings.

**SOURCE:** Added by P.L. 17-74.

**§ 12025. Compliance.**

Notwithstanding any other provision of law, no rate or charge for any public utility shall become effective without the approval of the Commission. In this respect a public utility shall comply with this Chapter in addition to complying with any other condition, contractual obligation or obligation imposed upon it by law.

**SOURCE:** Added by P.L. 17-74.

**§ 12026. Estimated Billings.**

Except as provided in § 12027 of this title neither the Public Utility Agency of Guam nor the Guam Power Authority may bill consumers for consumption based upon estimated usage. All bills shall be rendered only upon actual readings taken within no more than seventy (70) days of the billing, provided, that regular bills are sent at approximately thirty (30) day intervals, and further provided that effective July 1, 1994, all meters shall be read at least every forty (40) days unless the Public Utilities Commission (*PUC*) has approved a billing plan to read the meters approximately every two (2) months and estimate every other bill. All estimated bills shall clearly reflect that they are based on estimated readings. After July 1, 1994, all estimated billings permitted pursuant to this section and § 12027, Title 12, Guam Code Annotated, shall be allowed only if the PUC has approved a comprehensive billing plan permitting estimated readings as permitted by said sections, and has established a formula for determining the estimated bills and has established a formula to ensure that all under- and over-estimated bills be fully adjusted for actual usage at the next subsequent billing based on actual usage. If a utility fails to read a meter for more than seventy (70) days, it can only charge the customer for actual usage based upon consumption between the dates of a new actual reading of the customer's meter and a subsequent timely reading to determine actual usage, and subsequent timely readings thereafter. In the event of a natural disaster such as a typhoon, earthquake, tidal wave or other natural disaster or unusual circumstances, the Governor may by executive order, extend this seventy-(70) day period for readings of the utility in question, up to a period of one hundred twenty (120) days, in increments of fifteen (15)

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days at a time, with any subsequent orders signed at least three (3) days after the previous order, which orders may not cumulatively extend the time for billing beyond a total of one hundred twenty (120) days from the date of the last billing. This section shall not apply in any case where the utility proves that there was fraud or tampering with the meter in question on the part of the consumer or by an agent or employee of the consumer, or where there is proof of fraud, collusion or conspiracy by the consumer to pay less than the proper charges to the utility concerned. If the meter in question is inaccessible to the utility's meter readers as a result of the fault of the consumer, and the consumer has been notified in writing of such inaccessibility, then this section shall not apply and the utility can make estimated billings until the meter is accessible.

**SOURCE:** Added by P.L. 22-53:2.

**§ 12027. Back Billing.**

Neither the Guam Waterworks Authority nor the Guam Power Authority ("GPA") may back bill customers for additional consumption of water, sewer, or electric power due to faulty meters or previous billing errors, except as provided in this section. In cases of non-functioning or defective meters, GPA and Guam Waterworks Authority are prohibited from back billing customers for additional consumption of water and power based upon estimated usage except for back billing not exceeding the four billing cycles of approximately thirty (30) days each immediately preceding the discovery by such utility of the error, and not to exceed four (4) months, for the reasonably estimated usage for such cycles, using reasonable estimates based upon subsequent actual average daily consumption by the consumer over a two (2) month period, or other formula, with any such other formula to approved by the Public Utilities Commission. In cases of other billing errors or omissions GPA and Guam Waterworks Authority are prohibited from back billing customers for additional consumption of water, sewer and power except for back billing not exceeding the four billing cycles of approximately thirty (30) days each immediately preceding the discovery by such utility of the error, and not to exceed four (4) months. The time limitations of this section shall not apply in any case where a meter is shown by the utility to have been damaged or to be unavailable to be read as a result of actions or negligence of the consumer, where there is active fraud or tampering with the meters in question on the part of the consumer or by an agent or employee of the consumer, or where there is proof of fraud,



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collusion or conspiracy by the consumer to pay less than the proper charges for water, sewer or power.

For purposes of this Section, the burden of proof shall be on the utility by clear and convincing evidence that the meters were actually read.

**SOURCE:** Added by P.L. 22-53:3. Amended by P.L. 23-119:5.

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