



GUAM WATERWORKS AUTHORITY

Citizen-Centric Report for Fiscal Year 2010

A Report to Our Ratepayers

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Our Mission

We will provide outstanding customer service in delivering excellent water and wastewater services in a safe, reliable, responsible, and cost-effective manner.

Our Vision

To be a world class provider of water and wastewater services.

Management's Commitment

Management recognizes that its employees are its most valuable resource.

Core Values

*Responsibility
Reliability
Integrity
Service
Safety
Sustainability
Excellence*

About the Guam Waterworks Authority (GWA)

GWA is a public corporation subject to the regulations of the Guam Public Utilities Commission. Prior to 1996, GWA was known as the Public Utility Agency of Guam, a line department of the government of Guam. Since 2003, GWA has been governed by an elected five-member Consolidated Commission on Utilities (CCU).

GWA produces, treats, transmits, stores, distributes and sells Guam's water. Guam's principal source of potable water is pumped by over 120 wells from groundwater contained in the aquifer beneath northern Guam. Surface water sources include the Ugum River, small springs, and Fena water purchased from the U.S. Navy.

GWA also collects, treats, and disposes Guam's wastewater. The wastewater system is managed by Veolia Water Guam, LLC, through a performance management contract. Guam's wastewater system consists of 315 miles of gravity sewer network, 74 sewer pump stations, and seven wastewater treatment plants and associated outfalls.

FY 2010 Highlights

2010 was an exciting year for GWA as we prepared to sell \$118 million in municipal bonds for projects throughout Guam to improve water pressure, fix leaks, and replace old water lines. Other highlights include:

- An MOU with the U.S. Navy agreeing to update water and wastewater infrastructure while protecting Guam's environment.
- The Record of Decision officially signed launching the military buildup and commitment to funding military buildup projects.
- Electrical efficiency upgrades at major GWA facilities to offset increasing costs for power and Navy water purchases.
- Extended customer service with online and phone-in bill paying and satellite desks at the Julale Shopping Center.

Now Available
PayGWA
Online
Bill Payments

Who We Are

There are 327 employees in the following divisions: Office of the General Manager, Water Maintenance and Operation, Wastewater, Engineering, Utility Services, Finance, Human Resources, Information Technology, Compliance and Safety, Legal, and Internal Audit.

Our Customers

Type	Water	Wastewater
Residential	37,568	22,750
Commercial	2,467	1,995
Government	401	264
Agriculture	260	-
Hotel	51	48
Irrigation	32	-
Golf Course	18	-
Federal	13	9
Total	40,810	25,066



“Investing in Better Water, Better Lives”



Our Performance

Stipulated Order for Preliminary Relief

In June 2003, the U.S. Department of Justice with the U.S. Environmental Protection Agency (USEPA), GWA and the government of Guam negotiated a Stipulated Order for Preliminary Relief; Civil Case No. 02-0035 (SO).

The SO contains 14 sections with 74 subsections requiring 56 deliverable actions.

As of 2010, five deliverables are delayed but in progress and four are recurring activities giving GWA an **91.1%** completion

	FY 2010	FY 2009
Delayed deliverables	5	6
Completion rating	91.1%	89.3%



Capital Improvements

GWA’s Capital Improvement Plan (CIP) is the five year blueprint for creating, maintaining, renewing, and replacing the crucial infrastructure that will support Guam’s continued growth. The CIP was developed from GWA’s Master Plan, Stipulated Order, and Production Plan.

Major capital additions for FY 2010 include:

- Ground Water Disinfection
- Meter Replacement Program
- Santa Rita Springs Booster Pump Rehabilitation, Phase I
- Hagatna Treatment Plant Outfall
- Northern District Treatment Plant Outfall

	FY 2010	FY 2009	FY 2008
Plant, buildings and equipment, net	\$ 246,575,122	225,225,754	228,257,361
Construction in progress	35,030,107	54,094,670	39,487,113
Total	\$ 281,605,229	279,320,424	267,744,474

Leak Detection Program

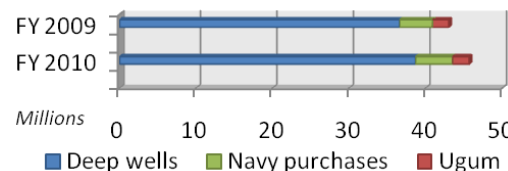
In 2009, GWA’s leak detection program identified 3,494 leak points along 600 miles of pipes (5,031,360 million gallons).

bringing pending repairs to 4% of leaks identified.

In 2010, the Leak Detection Group completed additional repairs

	FY 2010	FY 2009
Repaired	3,353	2,149
<i>in million gallons per day</i>	4,828,320	3,094,560
Pending	141	1,345
<i>in million gallons per day</i>	203,040	1,936,800

Water Production (in million gallons per day)



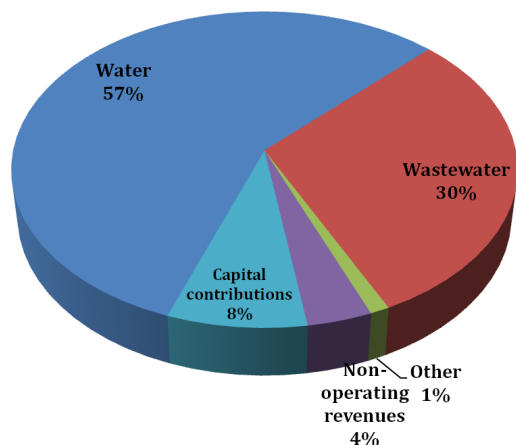
Total production	
FY 2010	FY 2009
45,679,279	43,000,322



Financial Report

An independent audit was conducted by Deloitte & Touche LLP, resulting in a clean audit opinion. The Office of Public Accountability released GWA's audited financial statements on March 23, 2011. More information can be found on our website at www.guamwaterworks.org.

FY 2010 Revenue Sources (in thousands)

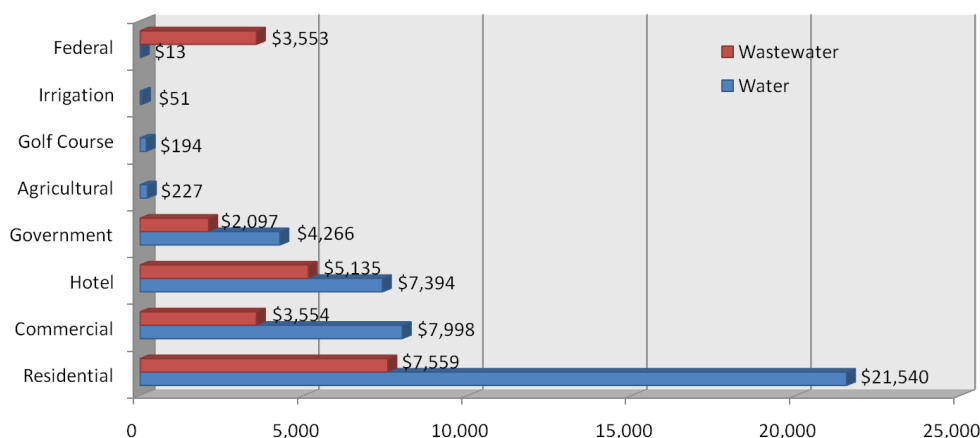


Operating revenues improved due to increases in consumption and rates, and new system development charges for new demand for water and wastewater services.

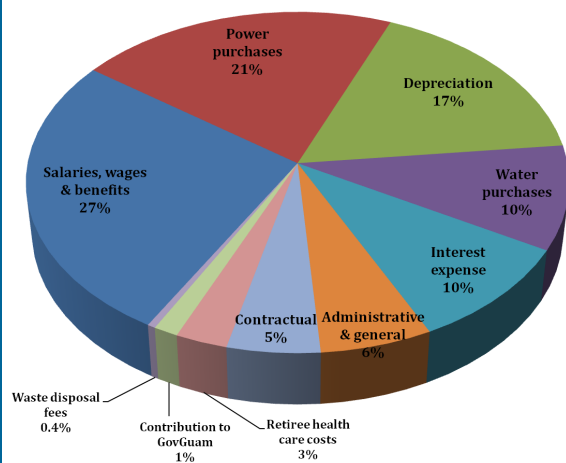
	FY 2010	FY 2009	% change
Operating revenues:			
Water	\$ 42,089	33,580	25%
Wastewater	22,288	19,666	13%
Other	822	2,006	-59%
Non-operating revenues	2,737	3,261	-16%
Capital contributions	5,889	6,805	-13%
Total	\$ 73,824	65,318	13%

Sources of Water and Wastewater Revenues by Customer Type (in thousands)

Residential wastewater charges are fixed without regard to consumption, while other customer classes are charged 80% of water consumed.



FY 2010 Major Expense Categories (in thousands)



	FY 2010	FY 2009	% change
Operating expenses:			
Power purchases	\$ 14,344	14,971	-4%
Water purchases	6,669	5,168	29%
Salaries, wages & benefits	18,086	15,871	14%
Waste disposal fees	294	-	-
Depreciation	11,569	10,953	6%
Administrative & general	4,078	5,268	-23%
Contractual	3,381	3,970	-15%
Retiree health care costs and other benefits	1,898	1,429	33%
Nonoperating expenses:			
Interest expense	6,517	6,018	8%
Contribution to GovGuam	899	-	-
Total	\$ 67,734	63,647	6%



We would like to hear from you!

Do you like this report? Do you believe it should include different or additional information? Please let us know by contacting Heidi Ballendorf, Public Affairs Director Consolidated Utility Services at (671) 647-2603 or heidi@guamwaterworks.org.

More information is available on GWA's website, www.guamwaterworks.org



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Tamuning, Guam 96913-4111
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Telephone

647-7800/3

Business Hours

Monday—Friday
7:30 a.m. to 6:00 p.m.
Closed on GovGuam holidays



Looking Forward

By taking significant steps to address historical challenges, GWA is ready for remarkable growth. Over the next five years, GWA has over \$200 million in capital projects planned to address an aging infrastructure and meet federal compliance.

In addition to its experienced management and strong regulatory support, GWA has instituted multi-year rate increases, made prudent capital investments, and improved credit fundamentals.

Projects for system planning, distribution system upgrades, efficiency improvements, rehabilitation and replacements will begin and are funded by recent bond financing, system development charges, grants and internally funded sources.



Military Buildup

GWA is well-positioned to accommodate and benefit from the anticipated military buildup while committing its core resources to the system's generic growth and capital needs.

While GWA is very optimistic about its future, the proposed military buildup will place immense pressure on GWA's infrastructure. However, in the Record of Decision signed in September 2010, the Department of Defense commits to pursuing funding from Japan and U.S. federal sources so that the proposed \$1.4 billion of water and wastewater buildup projects will not be borne by GWA ratepayers.

Other Initiatives

- Continue to work towards compliance with the Safe Drinking Water Act and the Clean Water Act.
- Negotiate consent decree with USEPA.
- Continue to work with the Department of Defense to upgrade infrastructure utilizing federal funding.
- Continue with capital projects to improve operation reliability, production capability, and reduce operational costs.
- Continue training and certification programs for employees to ensure efficient and effective systems operations.
- Continue the Certified, Technical, and Professional compensation program to attract and retain qualified and experienced employees.
- Implement recommendations of GWA's management audit.

