

NOTICE TO GWA RATEPAYERS

The Guam Waterworks Authority (GWA) wishes to advise its ratepayers of its intent to file a petition with the Public Utilities Commission on or about February 23, 2009, requesting an annual adjustment to its rates over the next five years under a five year financial plan in the following amounts: (1) 12.9% in FY2009; (2) 2% in FY2010; (3) 8% in FY2011; (4) 2% in FY2012; and (5) 8% in FY2013. The requested rates are estimated to yield the following amounts for each fiscal year as follows: (1) \$63.9M in FY2009; (2) \$66.6M in FY2010; (3) \$74.1M in FY2011; (4) \$77.0M in FY2012; and (5) \$84.8M in FY2013.

This rate filing is consistent with the five year financial plan duly approved at a regularly scheduled meeting of the Consolidated Commission on Utilities on November 13, 2008.

The significant cost drivers for the increase are the need to begin paying debt service on GWA's over \$300 million dollars in bonds estimated to be issued in FY2009-10 and FY2011-12 so that GWA can continue to upgrade and improve GWA's service to its customers and implement GWA's master plan projects for the betterment of Guam. In addition, the increased rates will support debt service on other credit facilities of approximately \$45 million to ease the existing wastewater moratorium in Central Guam and for efficiency and safety upgrades. The rates also are designed to cover increasing operational expenses, which include but are not limited to, increased power costs and ever-increasing Navy water purchases.

GWA believes that the threshold has been met at which lifeline rates can be modified, and is in fact requesting a modification to lifeline rates under this plan.

After the filing is made in February, the Public Utilities Commission will review the petition with its supporting documentation and schedule a time for the rate case to be presented to PUC Commissioners. During this time, the public will be given an opportunity to provide testimony to the Commission on three different hearing dates throughout the island. Please note that during this process some of the numbers in the attached chart may change, however, the GWA believes the tables fairly represent the estimated impact on customer rates

The following is a table indicating how the rate petition, if approved, would impact the rates of GWA customers:

Description	Current	Projected				
		FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
Projected Unit Rate Increases		12.9%	2.0%	8.0%	2.0%	8.0%
Water		12.9%	2.0%	8.0%	2.0%	8.0%
Sewer		12.9%	2.0%	8.0%	2.0%	8.0%
Basic (Service) Charge by Water						
Meter Size (all Classes)						
3/4"	\$8.69	\$9.81	\$10.01	\$10.81	\$11.02	\$11.91
1"	\$10.15	\$11.46	\$11.69	\$12.62	\$12.88	\$13.91
1 1/2"	\$15.93	\$17.99	\$18.35	\$19.81	\$20.21	\$21.83
2"	\$20.29	\$22.91	\$23.37	\$25.24	\$25.74	\$27.80
3"	\$36.24	\$40.92	\$41.74	\$45.08	\$45.98	\$49.66
4"	\$50.72	\$57.27	\$58.41	\$63.09	\$64.35	\$69.50
6"	\$94.20	\$106.36	\$108.49	\$117.17	\$119.51	\$129.07
8"	\$137.68	\$155.45	\$158.56	\$171.25	\$174.67	\$188.65
10"	\$188.41	\$212.73	\$216.99	\$234.35	\$239.03	\$258.16
12"	\$224.63	\$253.63	\$258.70	\$279.40	\$284.99	\$307.79
Water Consumption Charges						
Commercial & Government and Golf Course	\$5.15	\$5.81	\$5.93	\$6.41	\$6.53	\$7.06
Agriculture and Irrigation	\$1.71	\$1.93	\$1.97	\$2.13	\$2.17	\$2.34
Residential						
0 to 4,999 gallons per month	\$2.40	\$2.71	\$2.76	\$2.99	\$3.04	\$3.29
5,000 and greater per month	\$4.14	\$4.67	\$4.77	\$5.15	\$5.25	\$5.67
Wastewater Charge (\$ per 1,000 gallons of WW)						
Commercial I (C) Low Strength	\$2.83	\$3.20	\$3.26	\$3.52	\$3.59	\$3.88
Commercial II (D/H Hotels)	\$6.91	\$7.80	\$7.96	\$8.59	\$8.77	\$9.47
Commercial III (E) High Strength	\$9.58	\$10.82	\$11.03	\$11.92	\$12.15	\$13.13
Navy and Air force (federal)	\$4.05	\$4.57	\$4.66	\$5.04	\$5.14	\$5.55
Government	\$4.05	\$4.57	\$4.66	\$5.04	\$5.14	\$5.55
WW - Residential (\$/month-acct, a)	\$22.00	\$24.84	\$25.34	\$27.36	\$27.91	\$30.14
Surcharges on Non-lifeline Portion of Utility Bills						
Public Utilities Surcharge	8.03%	8.03%	8.03%	8.03%	8.03%	8.03%
Sup. Annuity Retirement (SAR)	3.49%	3.49%	3.49%	3.49%	3.49%	3.49%
Total	11.52%	11.52%	11.52%	11.52%	11.52%	11.52%

a. The Legislative freeze on the residential Sewer Service charge of \$22 per month is assumed to be abolished in FY 2008-09.