



Vice Speaker

TINA ROSE MUÑA BARNES

CHAIRPERSON, COMMITTEE ON RULES

I Mina'trentai Sais Na Liheslaturan Guåhan

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January 15, 2021

MEMO

To: **Rennae Meno**
Clerk of the Legislature

From: **Vice Speaker Tina Rose Muña Barnes**
Chairperson, Committee on Rules

Re: **Fiscal Note**

Buenas yan Håfa adai.

Attached, please find the fiscal note for the following bill:

Bill No. 9-36 (COR)

Please forward the same to Management Information Services (MIS) for posting on our website.

If you have any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.



Bureau of Budget & Management Research

Fiscal Note of Bill No. 9-36 (COR)

AN ACT TO AMEND § 12127 AND TO REPEAL § 12128 OF CHAPTER 12, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO BACK BILLING CUSTOMERS OF THE GUAM WATERWORKS AUTHORITY AND THE GUAM POWER AUTHORITY DUE TO FAULTY METERS OR PREVIOUS BILLING ERRORS.

Department/Agency Appropriation Information	
Dept./Agency Affected: Public Utilities Commission	Dept./Agency Head: Jeffrey Johnson (Chairman)
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify) appropriation(s) to date:	-
Total Department/Agency Appropriation(s) to date:	\$0

Fund Source Information of Proposed Appropriation			
	General Fund:	Special Fund:	Total:
FY 2020 Unreserved Fund Balance	\$0	\$0	\$0
FY 2021 Adopted Revenues	\$0	0	0
FY 2021 Appro. (P.L. 35-99)	\$0	0	0
Sub-total:	\$0	0	0
Less appropriation in Bill	\$0	0	0
Total:	\$0	0	0

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2021 (if applicable)	FY 2022	FY 2023	FY 2024	FY 2025
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

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|---|---------|---------|--------|
| 1. Does the bill contain "revenue generating" provisions?
If Yes, see attachment | | // Yes | /X/ No |
| 2. Is amount appropriated adequate to fund the intent of the appropriation?
If no, what is the additional amount required? \$ _____ | /X/ N/A | // Yes | // No |
| 3. Does the Bill establish a new program/agency?
If yes, will the program duplicate existing programs/agencies?
Is there a federal mandate to establish the program/agency? | // N/A | // Yes | // No |
| 4. Will the enactment of this Bill require new physical facilities? | | // Yes | // No |
| 5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason:
// Requested agency comments not received by due date:
/X/ Other: Department/ Agency (PUC) has responded with Letter dated 01/12/2021 | | /X/ Yes | // No |

Analyst: <u>Mikel S. Espiritu</u>	Date: <u>01/14/2021</u>	Director: <u>Lester L. Carlson, Jr., Director</u>	Date: <u>JAN 15 2021</u>
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Notes:
1/ Please see Attachment

Bureau of Budget & Management Research
Comments on Bill No. 9-36 (COR)

1/: The proposed legislation is an act to amend § 12127 and to repeal § 12128 of Chapter 12, Title 12, Guam Code Annotated, relative to back billing customers of the Guam Waterworks Authority and the Guam Power Authority due to faulty meters or previous billing errors.

BBMR has received correspondence from the Public Utilities Commission through a Letter dated January 12, 2021. In the Letter, the Chief Administrative Law Judge of the PUC states that Bill No. 9-36 would eliminate the ability of the Guam Power Authority and the Guam Waterworks Authority to back-bill customers or submit estimated billings to customers. The elimination of "back-billing" would have an extremely serious negative financial impact on both GPA and GWA. Bill No. 9-36 would reduce utility revenues by preventing GPA/GWA from recovering power and water charges from customers that are duly owed for services provided.

Per the PUC, if Bill No. 9-36 were to be enacted, there would likely be a serious detrimental financial impact upon the ratepayers of Guam. Legislation depriving GPA and GWA of substantial amounts of revenue would trigger a need for rate increases to the ratepayers. As a reaction to the loss of revenues through the elimination of back-billing, GPA and GWA's only recourse would be to seek rate increases from the PUC.

The PUC also notes that the Bill also violates the powers and duties of the PUC, an "independent rate-setting body" created by the Organic Act of Guam. The Bill violates GWA and GPA Bond Covenants because it interferes with the power of the PUC to provide adequate rates to GPA and GWA for the recovery of the full cost of providing electric and water services.

The PUC estimates the revenues collected from back-billing between FY2009 and May of FY2020 to be totaled at approximately \$9,656,202 and the revenues from estimated billing to be totaled at approximately \$26,635,386.