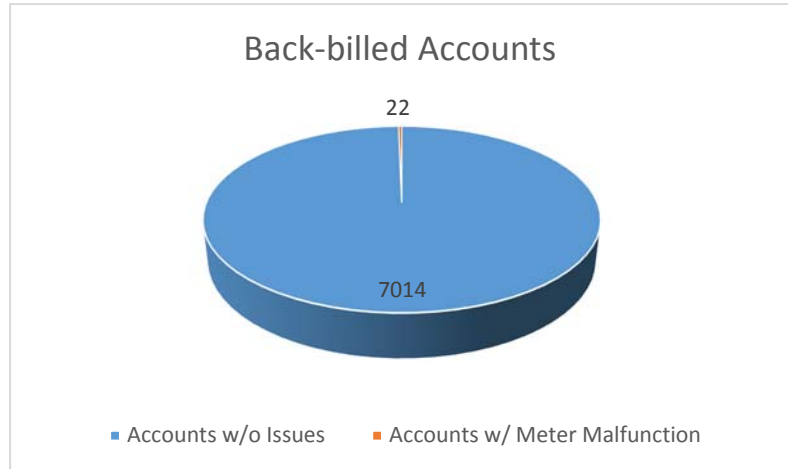


The Guam Waterworks Authority (GWA) recently examined accounts for which meters were replaced between April and December of 2015. These replacements were part of GWA's comprehensive meter standardization and upgrade program, and the 7,036 accounts that were reviewed comprised the last large batch of older meters out of GWA's total meter inventory.

It is important to note that, despite what has been assumed or implied by others in published reports or opinions in the media, the overwhelming majority of meters that were replaced during this period were operating without incident or malfunction. Only 22 out of 7,036 meters were determined to be malfunctioning, and therefore subject to back-billing as allowed by Guam law. To be clear, that is 0.31% of meters replaced which were determined to be malfunctioning – *less than 1 in every 300 meters*.



To put this into perspective for all of GWA operations, that's 22 meters out of 42,412 active metered accounts over the time period stated above, or 0.05% of our accounts.

For those few accounts where consumption prior to the changeout of a malfunctioning meter may not have been registering correctly or not working properly, Guam law and GWA's rules and regulations allow for GWA to backbill the average monthly consumption for the account, as determined by actual meter data obtained after the replacement of the malfunctioning meter, for a period of up to 4 months preceding the date of replacement. Where such action may cause hardship, the law also allows for an installment payment plan. The total impact for the 22 accounts above was less than \$3,000.

Unfortunately, in this case, GWA review of the accounts and issuance of back-bills did not occur in a timelier fashion. Measures have been put into place to prevent such occurrences in the future and to insure timely action on malfunctioning meters.

Further, GWA has invested significant resources, in both personnel and funding (over \$1M), to establish and maintain a state of the art Meter Test Bench Facility that carries out performance verification on our meters. GWA has also established a comprehensive meter testing and maintenance program in order to provide quality control checks for meters in service on a continual basis, utilizing standards for performance promulgated by the American Waterworks Association (AWWA).

The integrity of our customer billing system is of paramount importance to GWA, and has improved significantly over the years. GWA will continue to improve its business processes and operations to provide safe, reliable and cost effective water and wastewater services to our valued customers.