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Water hook-up fee plan questioned

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Guam Waterworks Authority administrators and the Consolidated Commission on Utilities met to discuss the possibility of implementing a system development charge, which would make the owners of newly constructed buildings pay a fee when they tap into Guam's water system.

The charges would range according to the usage of the new customer -- the average residence would pay about \$8,000, an average restaurant about \$42,000, and a hotel about \$670,000, according to an example charge provided by Allen Mullins of Pros Consulting, who explained the fees over speakerphone.

Mullins said the fees balanced new customers' costs with longtime customers, who had been paying into the water system for years. The money would be spent to upgrade water and wastewater facilities and increase GWA's capacity proportionately with customer growth.

Through a presentation thick with industry lingo, Mullins made the fee explanation simple -- "you're charging the new customer for the next inch of pipe."

In response, CCU member Eloy Hara questioned if it was just to charge a rural family more just because their new home was so far off the water grid. Mullins admitted that the charge would discourage development too far away from the existing water system.

When the public was given a chance to question Mullins, Michael Ysrael, general manager of Tanota Partners, questioned the validity of charging all new customers. Tanota Partners is one of Guam's largest developers and owner of the Outrigger Guam Resort.

Ysrael said he could understand charging a rural customer if GWA had to lay lots of new pipe to reach the site, but wondered why an urban customer that joined into an existing system -- and created profit -- would pay. He also questioned if new customers would be paying for a perfectly maintained system, which they would not receive.

Mullins responded by saying that GWA couldn't charge different customers different amounts for the same service, but Ysrael suggested he could if one customer cost GWA significantly more to service.

"Wherever we talk about new customers, we only talk about the cost of them and never the money we are going to make," Ysrael said. "The last thing we should be doing right now is discouraging people from joining our oversized, under-maintained system."
