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13 **IN THE PUBLIC UTILITIES COMMISSION**  
14 **FOR THE**  
15 **COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS**

16  
17 **Petition of the** ) **RATE CASE No. 10-01**  
18 **Commonwealth Utilities Corporation** )  
19 **For rate relief in its power, water and** )  
20 **wastewater business** )  
21 ) CUCs Prefiled Testimony of:  
22 ) Utu Abe Malae, Assistant Executive  
23 ) Director of CUC, January 2010  
24 )  
25 )  
26 ) **Subjects: Meter Investigation;**  
27 ) **Electric**  
28 ) **Standby Rate; Vehicle Fleet; General**  
29 ) **Operations Overview**

30  
31 Filing date: January 31, 2009  
32  
33

34 Direct Testimony of  
35 Utu Abe Malae, Assistant Executive Director, CUC  
36  
37

38 **Introduction and Purpose**  
39

40 Q: Please state your name and business address for the record.  
41

42 A: My name is Utu Abe Malae. I am the Assistant Executive Director of the  
43 Commonwealth Utilities Corporation ("CUC"). My office is located at the Joeten

DanDan Building, 3<sup>rd</sup> Floor. The mailing address is PO Box 501220 CK, Saipan MP 96950. My telephone and fax numbers are: 670.235-7025, 5131, respectively. My email address is [abe\\_malae@cucgov.net](mailto:abe_malae@cucgov.net).

Q: Are you an adult resident of Saipan, Commonwealth of the Northern Mariana Islands?

A: Yes, I am.

Q: Have you testified previously before the Commission?

A: No, I have not.

Q: Please state the content and purpose of your testimony.

A: I am testifying to three matters today, as shown in the table of contents. I am also available to respond to the questions of Commission staff on matters touching on the operations of any of our lines of business.

Q: Could you please provide a table of contents to this testimony?

A: Yes:

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Q: Who prepared this testimony and the exhibits sponsored through it?

A: This pre-filed testimony was prepared by me or under my direct supervision and control. Likewise, the exhibits which I reference and sponsor were prepared by me or under my direct supervision and control.

Q: If you were called to testify “live” to the matters contained within this testimony and were asked the same questions, what would your answers be?

A: My answers would be as they appear in this pre-filed testimony.

Q: Do you swear and declare that this testimony, and the exhibits which you sponsor through it, are true and correct to the best of your knowledge, information and belief?

A: Yes, I do. And I repeat this declaration at the conclusion of this written testimony.



### **Qualifications**

\* Qualifications in general

Q: Thank you. I would now like to ask you a few questions about your position at CUC, and your education, training and experience as they relate to your testimony. Then I would like to address the specific preparation you undertook for this testimony.

A: Please continue.

Q: Could you please explain your present position?

A: Yes. My title is Assistant Executive Director of CUC. I have held this position since October 2009. My duties include virtually all aspects of the management of CUC. I assist the Executive Director in supervising, and I myself supervise,

1 the power, water, and wastewater divisions of the CUC. While the executive  
2 director, in the absence of a CFO, directly manages the financial and  
3 administrative and general (A & G.) functions of CUC, I am also involved in  
4 working closely with our staff in this area.  
5

6 On a day to day basis I act in a hands-on capacity to manage the affairs of CUC.  
7 I have also been charged with direct supervisory responsibility for the  
8 preparation of CUC's presentation in this rate case.  
9

10 Q: And, could you describe briefly the positions you held before this present one  
11 and how they relate, if at all, to your testimony today.  
12

13 A: Yes. I was the CEO of the American Samoa Power Authority ("ASPA"). I was the  
14 CEO of ASPA for a total of 12 years. In that position I supervised all aspects of  
15 our government-owned power utility, including generation, transmission, finance,  
16 hiring and firing, procurement and purchasing, planning, customer relations,  
17 collections and billing, and governmental relations. ASPA's revenues were  
18 customer-based; we did not rely on government subsidies. We did, however,  
19 receive funding from the US Government, through grants of the Department of  
20 Interior, Office of Insular Affairs and the US Department of Energy.  
21



22  
23 Q: Did you do utility-related work before your ASPA position?  
24

25 A: Yes. I also served for approximately 4 years as acting director for the American  
26 Samoa Department of Public Works, which served as the water and wastewater  
27 utility at the time. I also managed the solid waste division and road maintenance  
28 and highways divisions.  
29

30 I was in business for roughly 10 years before ASPA (1975-85). This included  
31 serving as assistant manager for a petroleum distribution enterprise and as an  
32 assistant manager for operations for PRI South Pacific Resources Inc.  
33

34 Q: Have you done any utility industry work?  
35

36 A: Yes. I have served as a utility consultant. I consulted in the utility area to the  
37 Federated States of Micronesia, to the Electric Power Corporation of Samoa  
38 (formerly "Western Samoa"), and to the UN Pacific Energy Development  
39 Program in Fiji.  
40

41 Q: What other utility industry service have you undertaken?


1  
2 A: At key points in my career I have focused on enhancing the efficiency and  
3 capability of utility enterprises.  
4

5 I administered the merger of American Samoa's water and wastewater services  
6 with ASPA in 1988. Thus, by 1995, ASPA included electricity services, water,  
7 wastewater, energy, petroleum management, solid waste, and highways. When  
8 last I served as ASPA's CEO, the enterprise delivered electricity services, water,  
9 wastewater and solid waste services.  
10

11 In particular, I assembled and supervised a management team which reversed  
12 ASPA's record of poor financial performance and substandard service, in 1986.  
13 At that time we eliminated a deficit of \$6.5 million, which we had inherited. We  
14 did this by 1992.  
15

16 I was a founding member of the Pacific Power Association and the Pacific Water  
17 Association. I founded the buddy system training program for US Pacific  
18 Territories. I conducted a survey of technical training facilities in the South  
19 Pacific region for the United Nations Pacific Energy Development Program in  
20 1990. This led to an apprenticeship training program. I lead a team in 1998 that  
21 performed an operation assessment of the Kosrae Utilities Authority.  
22

23 My awards and memberships include one "The Top 10 Public Works Leaders of  
24 the Year" of American Public Works Association (2001). I am a member of the  
25 American Society of Civil Engineers.  
26

27  
28   
29 Q: Please describe your education and training.  
30

31 A: I am an engineer. I have an MS in Civil Engineering from the University of  
32 Pittsburgh (1976). I also hold a Masters in Public Works Administration from the  
33 University of Pittsburgh (1976), and a Masters in Science, General Science and  
34 Physical Chemistry from Iowa State University of Science and Technology,  
35 Ames, Iowa (1973). My BS is in Chemistry and English, with a minor in  
36 mathematics from Morningside College, Sioux City, Iowa (1970).  
37

38 Q: Please explain your other professional assignments.  
39

40 A: In total, I have worked for the Samoan Government for about 25 years, including  
41 my time at ASPA. I was appointed by two different governors to oversee the LBJ

1 Medical Center (1995-97) and the Port Administration (1999 - 2002). I was Vice  
2 Chair of the Pacific Power Association 2001-02 and served as Chair from 2002-  
3 04. I also served as President of the government's Development Bank of  
4 American Samoa (2004-08).

5  
6 Q: Could you please explain the meaning of your name, particularly "Utu"?

7  
8 A: Yes. "Utu" is an honorific in the Samoan language. It loosely translates as  
9 Chief, and was given me by my extended family earlier this decade. Certain  
10 duties come with the honor and the office.

11  
12 Q: Do you hold any other positions of honor in American Samoa?

13  
14 A: Yes. Until January 2010, this month, I was a Senator in our government. I was  
15 elected to that position. But I felt that my work in Saipan, a long day's flight from  
16 American Samoa, meant that it would be too difficult to meet the needs of my  
17 constituents. So I have just resigned from that position.

18  
19 Q: Do you have a qualifications exhibit?

20  
21 A: My resume is attached as Exhibit \_\_\_\_ (AUM 001).



25 \* Specific preparation for this testimony

26  
27 Q: I would now like to focus more closely on what you did to prepare for this case,  
28 and the testimony you are providing in it.

29  
30 A: Yes. I have both general and specific comments on my work relating to this  
31 case.

32  
33 Q: What are your general comments?

34  
35 A: CUC, while in many ways a mature company, is a work in progress.

36  
37 Q: Please discuss your connection with this case generally.

38  
39 A: As I mentioned, I am responsible for preparation and submission of this case. In  
40 that capacity I have worked with the other witnesses.

41

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1 Q: Please discuss your connection with this case specifically, including your  
2 preparation at the office.  
3

4 A: I have done a number of things to prepare for this testimony.  
5

6 Of course, my day-to-day work familiarizes me with the areas of the other  
7 witness' testimony.  
8

9 I have met extensively with Robert Young and Dan Jackson to work on their data  
10 needs, discuss their data runs, and develop the combined rate case  
11 presentation. I regularly meet with CUC's managers.  
12

13 I have also visited and inspected each of our power plants on each of our  
14 islands, including the independent power producers ("IPP's"), each of our water  
15 and sewage treatment facilities, our principal distribution installations, the job  
16 sites of our sewage pipe collapses and repairs, our designated water well sites,  
17 our water pumping and storage facilities and our oil delivery facilities, and much  
18 of our electric distribution system. I have visited our spare parts storage  
19 facilities. Of course, I have visited the JoeTen DanDan offices of each of our  
20 responsibility areas, and the billing/collections office there.  
21

22 I have reviewed almost every one of CUC's responses to the information  
23 requests sent to us in the rate proceedings of the years 2008-09 by the  
24 Commission's consulting Staff, Georgetown Consulting Group ("GCG" or "Staff").  
25 I also reviewed and evaluated the GCG Staff Reports filed during the period  
26 2008-09.  
27

28 I have discussed this case with the Executive Director, those who report to me,  
29 other senior staff and our counsel, in order to place matters in the proper factual  
30 and legal contexts. Over the last year I have spoken with other utility  
31 professionals at PPA.  
32

33 And I have, of course, formed my own opinions as to the matters relating to this  
34 case.  
35  
36



## Testimony

Q: Could you proceed with that testimony?

A: Yes. I have three points to address today.

Q: Do you have any exhibits to present regarding your testimony.

A: Yes. Just my resume.

Q: Can you answer questions on other aspects of CUC's case?

A: Probably, and I will be happy to do so. It depends on the questions. As I stated above, I have supervised the preparation of the case.



### \* **Topic 1: Meter Investigation charges**

Q: Please discuss CUC's request for a fee change for technical investigations of customer complaints.

A: Yes. We are asking the Commission to approve in concept a \$60 charge for technical investigations, typically of meter complaints.

Q: Why are you doing this?

A: For two reasons.

First, when customers complain that their meters are not working right, we undergo costs in investigating. Sometimes we have to pull a meter and bench test it. Almost always we have to send a technician out to the customer premises.

Second, we hope to separate the real complaints from the illegitimate ones. We believe that many of these demands are spurious, intended to put off paying

1 legitimate bills. Our regulations allow a customer to put off paying a contested  
2 bill while the matter is under investigation. So a customer seeking, in effect, a  
3 free loan from CUC, need only protest the meter's performance, and free himself  
4 (or herself, or itself for a business) from payment for the time it takes to complete  
5 the investigation. Due to our limited staff and their high workload in addressing  
6 demonstrated service problems, the delay can be great.

7  
8 Q: What do you propose?

9  
10 A: CUC proposes a \$60.00 meter/technical investigation fee. CUC will assess the  
11 fee only if our investigation determines that there was no problem. If there turns  
12 out to be a technical problem, we will absorb the costs. That is fair.

13  
14 In addition to standard publication pursuant to Commission procedures, we will  
15 advise customers of the fee, and its terms, when they make their complaints.

16  
17 Q: How did you determine the fee amount?

18  
19 A: Our Water/Wastewater Division has calculated the amount. I find it reasonable  
20 in my experience. I also find the rationale for the charge reasonable in my  
21 experience.

22  
23 However, I am sensitive to the potential concern for the accuracy of the charge.  
24 Therefore I agree with Mr. Jackson that it would be useful to verify the charge for  
25 water/wastewater and for electric investigations before implementing it.

26  
27 Q: Please summarize your request to the Commission.

28  
29 A: CUC requests that the Commission approve a \$60 meter investigation charge,  
30 applicable to complaints where no fault has been found in the hardware, for  
31 each line of our business, subject to technical verification of the figure.



34  
35 \* **Topic 2: Electric Standby Charge**

36  
37 Q: Are you familiar with Robert Young's recommendation for an electrical standby  
38 charge for large commercial customers?

39  
40 A: Yes. In my opinion CUC is capable of providing both standby service, and very  
41 soon, reliable 24/7 service to such customers. Our system loads and our system

1 resources will be adequate to the task, assuming continued adequate funding.  
2 Mr. Wallon Young has been directly responsible for the repair and upgrade of  
3 our generators. He addresses this matter in his testimony.  
4



5  
6  
7  
8 \* **Topic 3: A system-wide problem with our vehicle fleet**

9  
10 Q: How important is a serviceable vehicle fleet to CUC operations?

11  
12 A: Very important. We must have serviceable vehicles to move workers to and  
13 from job sites, to deal with customer complaints, and, particularly, to fix electric  
14 distribution problems quickly. Presently six vehicles are in such bad shape that  
15 they are dangerous.

16  
17 Of course, inoperative or poorly operative vehicles also affect costs, sometimes  
18 requiring our workers to wait for needed people and material to get a job done.

19  
20 This is a problem that present CUC management inherited, from years of  
21 neglect. It affects each of our divisions. We are carefully allocating limited  
22 resources to address our vehicle needs.  
23



24  
25  
26  
27 \* **Conclusion**

28  
29 Q: Does that complete your testimony?

30  
31 A: Yes, it does.

32  
33 Q: Do you request that this pre-filed testimony and related exhibits be entered in  
34 the record of this case as your declaration?

35  
36 A: Yes, I do.  
37  
38  
39

40 I declare under penalty of perjury that the foregoing is true and correct and that this  
41 declaration was executed on January 31, 2010, at Saipan, Commonwealth of the

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Northern Mariana Islands.

\_\_\_\_\_  
/s

Utu Abe Malae,  
Commonwealth Utilities Corporation

**CERTIFICATE OF SERVICE**

The undersigned, Attorney, being a member of the CNMI Bar, hereby certifies that he served the following person(s) with the following paper(s) by the following method(s) (CPUC prov. RPP 4; Com. R. Civ. Pro. 5(d)):

Document served: The foregoing: Prefiled Testimony of Utu Abe Malae, January 2010

Persons served:

Staff: J. K. Madan ([jkmadan@gmail.com](mailto:jkmadan@gmail.com)); Larry Gawlik ([Lrgawlik@aol.com](mailto:Lrgawlik@aol.com))  
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Administrative Law Judge, Harry Boertzel ([hboertzel@hotmail.com](mailto:hboertzel@hotmail.com))

Method and date: by causing electronic service of a copy to the above persons through their indicated email addresses on the above filing date.

\_\_\_\_\_  
/s/

Alan J. Barak, Attorney at Law (# F0350)

0 UAM Testimony Utu Abe Malae 10-01.wpd