

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: )  
 ) GPA Docket 12-11  
 )  
The Application of the Guam Power )  
Authority to Approve the FY2013 GPA ) ORDER  
CIP Ceiling Cap )  
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**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission [PUC] upon GPA’s Petition for Contract review, filed September 14, 2012. Therein, GPA requests PUC approval of its FY2013 Capital Improvement Project Ceiling Cap, which consists of General Plant, in the amount of \$14,897,000.<sup>1</sup> The Guam Consolidated Commission on Utilities [CCU] has approved the FY2013 Capital Improvement Project Ceiling Cap requested by GPA.<sup>2</sup>

**BACKGROUND**

Shaw Consultants International Inc., the Commission’s independent Consultant, filed its Report on GPA’s Petition on October 25, 2012.<sup>3</sup> The Contract Review Protocol for the Guam Power Authority requires that GPA’s annual level (“cap”) of internally funded Capital Improvement Projects (“CIP”) be set by the PUC before November 15<sup>th</sup> of each fiscal year.<sup>4</sup> According to Shaw, the total amount of the GPA internally funded capital budget for FY12 is \$14.9, which includes \$4.761M in internally-funded line extensions.<sup>5</sup> However, the Contract Review Protocol does not require PUC approval of such internally funded line extensions and blanket job orders.<sup>6</sup>

In comparing GPA’s proposed CIP Cap with prior years, Shaw notes that the FY2013 Ceiling Cap is generally consistent. The cap in FY2012 was \$13.581M; \$5M in FY2011,

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<sup>1</sup> GPA Petition for Contract Review (Application to Approve the FY2013 GPA CIP Ceiling Cap), GPA Docket 12-11, filed on September 14, 2012.

<sup>2</sup> Guam Consolidated Commission on Utilities Resolution No. 2012-59, adopted September 11, 2012.

<sup>3</sup> Shaw Consultants International Inc. Report, GPA Docket 12-11 [Review of GPA FY2013 CIP Ceiling Cap], filed October 24, 2012.

<sup>4</sup> §1.F of the Contract Review Protocol, at p. 2.

<sup>5</sup> Shaw Report, Id. at p.2.

<sup>6</sup> §1.a of Contract Review Protocol.

but, substantially higher in years prior to FY2011. The CIPs included within the cap are for “general plant.” However approximately \$3.88M is associated with generation, substation and other capital improvement projects that are not in the FERC general plant series of accounts.<sup>7</sup> GPA indicated to Shaw that the projects budgeted for FY2013 were solely in that year and did not span more than one year. None of the projects listed exceed the \$1.5M threshold.<sup>8</sup>

### **DETERMINATIONS**

Based upon the recognition that the FY2013 general plant budget is consistent with that of prior fiscal years, and subject to GPA’s ability to carry out the capital improvement projects using internally-funded dollars, Shaw Consultants recommends that the \$10.136M Ceiling Cap be approved.<sup>9</sup>

For the reasons set forth in Shaw’s Report, the PUC finds that GPA’s FY2013 Internally funded CIP ceiling cap, consisting of general plant in the amount of \$10,135,760, should be approved. Such CIP cap is reasonable, prudent and in the interest of the rate payers.

### **ORDERING PROVISIONS**

Upon consideration of the record herein, the Petition of GPA, the Shaw Report and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. The GPA FY2013 internally funded CIP ceiling cap, which consists of General Plant, is approved in the amount of \$10,135,760.
2. The General Plant budget is consistent with prior budgets and appears reasonable; no prudency concerns are noted.
3. GPA shall file a complete reconciliation of the FY2012 expenditures on or before December 1, 2012, as required by the Contract Review Protocol.
4. GPA is ordered to pay the Commission’s regulatory fees and expenses, including, without limitation, consulting and counsel fees and the fees and

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<sup>7</sup> Shaw Report, Id. at p. 2.

<sup>8</sup> Id. At pgs. 2-3.

<sup>9</sup> Id. at p. 4.

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expenses of conducting the hearing proceedings. Assessment of PUC's regulatory fees and expenses is authorized pursuant to 12 GCA §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 30<sup>th</sup> day of October, 2012.

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Jeffrey C. Johnson  
Chairman

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Joseph M. McDonald  
Commissioner

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Rowena E. Perez  
Commissioner

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Filomena M. Cantoria  
Commissioner

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Michael A. Pangelinan  
Commissioner

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Peter Montinola  
Commissioner