

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
) GPA Docket 11-10
)
The Application of the Guam Power)
Authority to Approve the FY2012 GPA)
CIP Ceiling Cap)
_____)

ORDER

This matter comes before the Guam Public Utilities Commission [PUC] upon GPA’s Petition for Contract review, filed September 15, 2011. Therein, GPA requests PUC approval of its FY2012 Capital Improvement Project Ceiling Cap, which consists of General Plant and Engineering, in the amount of \$8,473,000.¹

Georgetown Consulting Group, Inc. [GCG], the Commission’s independent Consultant, filed its Report on GPA’s Petition on October 27, 2011. As GCG points out, 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 15th of each fiscal year.² According to GCG, the total amount of the GPA internally funded capital budget for FY12 is \$13.6 Million, which includes \$5.1M in internally-funded line extensions and blanket job orders.³ However, the Contract Review Protocol does not require PUC approval of such internally funded line extensions and blanket job orders.⁴

The GCG Report indicates that in both FY2011 and FY2012, CIP programs (internally funded) were reduced from prior levels, since there is funding available from bond proceeds that could be used for GPA engineering and PMC projects (Cabras Units 1-4, while in prior years engineering projects and PMC projects were internally funded at least in part.⁵ In prior CIP ceiling requests, GPA included projects to be performed on Cabras Units 1-4, which were financed (short term) by the Performance Management

¹ GPA Petition for Contract Review (Application to Approve the FY2012 GPA CIP Ceiling Cap), GPA Docket 11-10, filed on September 15, 2011.

² GCG Report on Contract Review, FY2012 CIP cap, GPA Docket 11-10, filed October 27, 2011, citing §1.F of the Contract Review Protocol, at p. 2.

³ GCG Report, Id.

⁴ Contract Review Protocol, May 2007, ¶1.a.

⁵ GCG Report at p. 2.

Contractors (“PMCs”).⁶ In FY2011 and projected FY2012, GPA financed these projects through the FY2010 revenue bonds rather than making payments to the PMC through revenues from rates.⁷ The FY2012 CIP budget also includes a relatively small amount of engineering projects.⁸

None of the Engineering projects for FY2012 require specific PUC approval under the Contract Review Protocol.⁹ The CIP funding for “General Plant” encompasses such items as desks, chairs, cabinets, personal computers, vehicles and other equipment, tools and materials and various other items. One of the larger items for the three year period is the replacement of existing vehicles.¹⁰ However, the vehicle budget (for bucket trucks and associated light and heavy vehicles) in the General Plant category will need specific approval by the PUC; GPA has concurred with the need for such approval.¹¹

Based upon its analysis, GCG recommends that the fiscal 2012 CIP cap of approximately \$8.5 million should be approved; the general plant budget is consistent with prior budgets and it appears reasonable. No prudency concerns have been noted by GCG.¹² For the reasons set forth in GCG’s Report, the PUC finds that approval of GPA’s FY2012 Internally funded CIP ceiling cap, consisting of general plant in the amount of \$8,473,000, should be approved. Such CIP cap is reasonable, prudent and in the interest of the rate payers.

Upon consideration of the record herein, the Petition of GPA, the GCG 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 FY2012 internally funded CIP ceiling cap, which consists of General Plant, is approved in the amount of \$8,473,000.
2. The General Plant budget is consistent with prior budgets and appears reasonable; no prudency concerns are noted.

⁶ Id.

⁷ Id.

⁸ Id.

⁹ Id.

¹⁰ Id. at p. 3.

¹¹ Id. at p. 3-4

¹² Id. at p. 4.

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3. GPA shall file a complete reconciliation of the FY2011 expenditures on or before December 1, 2011, 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 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 7th day of November, 2011.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner