

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
) GPA DOCKET 11-15
)
The Application of the Guam Power)
Authority Requesting Approval of the) **ORDER**
Procurement of the Repair of Dededo)
Combustion Turbine Generators)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] for Approval of the Procurement of the Repair of Dededo Combustion Turbine Generators.¹

BACKGROUND

2. Dededo Combustion Turbine (CT) Unit #2 generator failed on May 29, 2004, leading to a shutdown of the unit.² The Unit has not been operational since that time.
3. On December 29, 2010, the Dededo Combustion Turbine (CT) Unit #1 tripped due to a broken radial lead bolt falling into exciter-side stator coils resulting in a short circuit fault.³ This Generator has also been non-operational since that time.
4. Taiwan Electrical and Mechanical Engineering Services Inc. has conducted Assessment Reports for both Dededo CT Generators.⁴
5. The estimated cost to complete the repairs is \$2.4M for Dededo CT Unit #1 and \$2.8M for Dededo CT #2.⁵
6. The CCU has authorized GPA’s General Manager to proceed with the procurement of the repair of the Dededo Combustion Turbine Generator; GPA now asks that

¹ GPA Petition for Contract Review of Repair Dededo Combustion Turbine Generators, GPA Docket 11-15, filed December 1, 2011.

² Consolidated Commission on Utilities Resolution No. 2011-51, adopted October 11, 2011, at p. 1.

³ Id.

⁴ TEMES Assessment Report for the Repair of #2 Generator at Dededo CT Power Plant, submitted December 2009; TEMES Preliminary Assessment Report for the Repair of #1 Generator at Dededo CT Power Plant, submitted February 2011.

⁵ CCU Resolution No. 2011-51, adopted October 11, 2011, at p. 1.

PUC approve its request to proceed with such procurement, alleging that the procurement is “reasonable, prudent, and necessary.”⁶

DETERMINATIONS

7. If the repair of both turbines is not addressed expeditiously, the turbines and auxiliary equipment will continue to deteriorate for lack of operation. Future damage to the equipment may result, making any repairs even more costly in the future.⁷
8. It would not appear to be desirable, or an efficient use of power generation resources, to allow generators which cost in the range of \$16M to \$20M to simply deteriorate and become unusable.
9. The Dededo CT units provide important backup system reliability and, in particular, support the Andersen Air Force Base Load.⁸ The repair of the combustion turbines will allow GPA to support the power needs of the Air Force Base through the dedicated underground 34.5 kV link between the plant and the base.⁹
10. It is important to enhance output and efficiency for the military loads at Andersen Air Force Base; the Dededo CTs will be available as peaking units and to support the needs of Andersen during typhoons and outages.¹⁰
11. In addition, the availability of these units is important to support the IWPS when major base load units are down.¹¹

⁶ GPA Petition for Contract Review of Repair of Dededo Combustion Turbine Generators, GPA Docket 11-15, filed December 5, 2011, at p. 2.

⁷ See GPA Justification for Contractual Services to Repair Dededo CT Unit #1 & #2 Generators attached to GPA’s Petition for Contract Review of Repair of Dededo Combustion Turbine Generators, GPA Docket 11-15, filed December 1, 2011.

⁸ Id. at p. 1.

⁹ Id. at p. 2.

¹⁰ Id. at p. 2.

¹¹ Id.

12. GPA intends to use internal revenue funds to support these projects, and the total cost is over \$5M. Although cost is a factor, and there could be rate impacts, the cost appears to be justified.
13. To mitigate such impact, GPA plans to finance the repairs and has included requirements for financing the project for up to 36 months at no more than 4% interest in the bid documents.¹²
14. GPA has requested that bidders provide at least an 18 month financing proposal, which would be around \$300K/month. Depending on when the project starts, it may stretch over 3 fiscal years, thus spreading out expenses.¹³
15. The rationale for the procurement weighs in favor of authorizing the repair of the Dededo CTs.

ORDERING PROVISIONS

Upon consideration of the record herein, the GPA Petition for Contract Review of the Repair of Combustion Turbine Generators, and the PUC Counsel Report, for good cause shown and on motion duly made, seconded and unanimously carried by the undersigned Commissioners the Guam Public Utilities Commission
HEREBY ORDERS THAT:

1. The application of GPA requesting approval of the Procurement of the Repair of Dededo Combustion Turbine Generators #1 & #2 is hereby approved.
2. GPA is authorized to issue procurements for the repair of the Dededo Combustion Turbine Generators.
3. GPA shall submit the contracts for repair of the Dededo Combustion Turbine Generators to the PUC for approval.
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

¹² Consolidated Commission on Utilities Resolution No. 2011-51, adopted October 11, 2011, p. 1.

¹³ Email from GPA Legal Counsel to PUC Counsel, GPA Docket 11-15, dated December 13, 2011.

Order
In the Matter of:
GPA Request to procure Repair
of Dededo CT Generators
GPA Docket 11-15
January 11, 2012

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 11th day of January, 2012.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner