

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
) GPA Docket 11-11
)
The Application of the Guam Power)
Authority to Approve the FY2012 GPA)
Construction Budget)
_____)

This matter comes before the Guam Public Utilities Commission [PUC] upon the Petition of Guam Power Authority for review and approval of GPA’s FY2012 Construction Budget.¹ GPA requests approval of its Construction Budget in the total amount of \$57,905,000, which consists of new bond financed capital improvement projects in the amount of \$47,170,000 (the 2010 Revenue Bond Projects), existing bond funded projects in the amount of \$9,802,000 (the 1999 Revenue Bond Projects), and revenue funded Engineering CIPs in the amount of \$933,000.² The FY2012 Construction Budget was approved by the Consolidated Commission on Utilities at its meeting on September 6, 2011.³

Georgetown Consulting Group Inc., the independent Consultant of the PUC, filed its Report in this matter on November 1, 2011.⁴ GCG points out that GPA, under the Contract Review Protocol, is not required to seek “review and approval” from the PUC for its annual construction budget. GPA is only required to file a construction budget annually on or before September 15 of each year.⁵ The filing is to include the budget for the upcoming fiscal year, estimates for the subsequent two fiscal years, and a description of each CIP contained within the budget and estimates.⁶ Under the Contract Review Protocol, GPA is also required to seek PUC approval for all internally-funded construction or projects that will exceed \$1.5 Million, and all projects funded by

¹ GPA Petition for Contract Review (Application to Approve the FY2012 GPA Construction Budget), GPA Docket 11-11, filed on September 15, 2011.

² Id. at p. 1.

³ Id.

⁴ GCG Report (Review FY2012 Construction Budget), GPA Docket 11-11, filed November 1, 2011.

⁵ Id. at p. 1; see Contract Review Protocol, Docket 94-04 (approved by the PUC on February 15, 2008), section 6.

⁶ Contract Review Protocol, id. at section 6.

debt whether or not the total cost exceeds the \$1.5M threshold.⁷ With regard to the internally funded CIP's GCG does not find any project scheduled for FY 2012 within this category of capital expenditures that requires specific PUC approval.⁸ With regard to the 1999 Revenue Bond Projects (\$9,802,000), these projects were previously identified by GPA in its FY2011 filing; GPA states that all of the above have prior approvals from the PUC.⁹ GCG does raise an issue of whether these 1999 revenue bond fund projects may require further approval from the PUC and/or the Guam Legislature. Approval would be needed for projects that are expected to cost in excess of 120% of the amounts previously approved by the PUC.¹⁰ In addition, such projects may need approval by the Guam Legislature if uses of such bonds are not within the specific restrictions previously approved by the Legislature.¹¹

With regard to the 2010 Revenue Bond Projects, GCG has attached to its Report as "Appendix B" an updated and more current listing of the current and projected uses during FY2011 of revenue bond proceeds.¹² One project which has not yet received the approval of the PUC is the GPA New Main Office & Operation Facility Improvements. GPA will seek approval of such project as well as authorization of use of the remaining amounts under the Smart Grid program.¹³ Another project, the Automatic Generation Control bond funded project (which has been approved by the PUC), may require further PUC approval if the funding for such project exceeds the 120% threshold.

GCG concludes that no immediate action is required at this time by the PUC to "approve" the three-year construction budget or even the FY2012 construction budget. GCG has already recommended approval of the internally funded FY2012 budget cap in its response in Docket 1-10.¹⁴

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

1. Approval by the PUC of the FY2012 Construction budget is not required under the Contract Review Protocol.

⁷ GCG Report, id., at pgs. 1-2; Contract Review Protocol sections 1(b) and (d).

⁸ Id. at p. 3.

⁹ Id.

¹⁰ Id. at p. 4.

¹¹ Id.

¹² Id. at p. 5.

¹³ GCG Report, id. at p. 5.

¹⁴ Id. at p. 6.

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2. The Commission need not take further action upon the FY2012 Construction Budget until such time as GPA files for approval of those projects included within the FY2012 Construction Budget which have not yet been approved by the PUC.
3. GPA shall resubmit any project which exceeds the 120% expenditure threshold to the PUC for further review and 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 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