

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: )  
Guam Power Authority's Petition for ) GPA Docket 10-01  
Contract Review Approval of 2010 Bond )  
Financed Projects )  
\_\_\_\_\_ )

**ORDER**

*Introduction*

On November 19, 2010 the Guam Power Authority [GPA] filed a Petition with the Guam Public Utilities Commission [PUC] for review and approval of certain 2010 bond projects.<sup>1</sup> This is the third request by GPA for approval of bond projects.<sup>2</sup> The projects for which review and approval by the PUC are now requested are generation projects for Cabras 1 & 2, and Cabras 3 & 4, at a total cost of \$16,859,000.00.

On June 3, 2010, the PUC approved the 2010 GPA Revenue Bond and Subordinate Bond issuance.<sup>3</sup> Attached to GPA's request to issue Revenue Bonds were projects for Generation Improvements in the amount of \$16,859,000; these are the same generation projects for which GPA now seeks approval to expend bond funds in its present Petition.

*Analysis*

GPA is required to obtain prior PUC approval of any expenditure of bond proceeds, either before procurement can begin on the projects or before such bond proceeds can be expended or committed to such projects.<sup>4</sup> Under its enabling statute, GPA has broad

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<sup>1</sup> GPA Petition for Contract Review for Approval of 2010 Bond Projects, GPA Docket 10-01, filed November 19, 2010.

<sup>2</sup> See PUC Orders, GPA Docket 10-01, issued July 27, 2010, approving expenditures for the Smart Grid Project in the amount of \$3.277M and Transmission and Distribution Projects in the amount of \$34M.

<sup>3</sup> PUC Order Approving Revenue and Subordinate Revenue Bonds and Order Approving Long Term Debt, GPA Docket 10-01, issued June 3, 2010.

<sup>4</sup> GPA Order Approving Revenue Bonds and Subordinate Revenue Bonds, GPA Docket 10-01, issued June 3, 2010.

authority to "control, operate, improve, equip, maintain, repair, renew, replace, reconstruct, alter and insure the electric system..."<sup>5</sup>

Each of the thirty (30) projects for which GPA seeks approval is supported by detailed descriptions, justifications, consideration of alternatives, and cost-benefit analyses. In each case there is a positive cost benefit analysis, although some projects have a higher cost benefit ratio than others. However, in each case, there is sufficient justification for GPA to proceed with the projects, and to warrant PUC approval. All of the Projects should improve functioning and reliability of the Cabras plants and is therefore in the interest of GPA's rate payers.

In general, all of the projects for which GPA seeks approval are designed to increase reliability and efficiency of the Cabras Plant Operations. The Consolidated Commission on Utilities determined that the thirty capital improvement projects listed were reasonable, prudent, and necessary for the use of the 2010 bond funds."<sup>6</sup> In his Report, PUC Counsel has also recommended approval.<sup>7</sup> These bond projects appear to be reasonable, prudent and necessary.

### *Ordering Provisions*

Upon consideration of the record herein, the Petition of GPA, the PUC Legal Counsel Report, and for good cause shown, upon motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissions, the Commission hereby **ORDERS** that:

1. GPA's Petition for Contract Review for approval of 2010 bond projects, filed November 19, 2010, is hereby approved.
2. The thirty (30) 2010 revenue bond projects for generation improvements at the Cabras plants, including the Automatic Generation Control, are reasonable, prudent and necessary.
3. Approval is granted for the following projects; GPA is authorized to expend bond funds for each project in the amounts indicated in the following Generation Capital Improvement Project listing:

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<sup>5</sup> 12 GCA §8104(11).

<sup>6</sup> CCU Resolution No. 2010-63, adopted November 9, 2010.

<sup>7</sup> PUC Counsel Report, GPA Docket 10-01, dated December 6, 2010.

GUAM POWER AUTHORITY  
 Generation Capital Improvement Projects  
 FY 2011 - FY 2014(x \$1,000)

Capital Improvement Project Name	Project Total
1. Provide Fire Protection for Transformers and Fire Detection System for Boiler Burner Area, Cabras Unit #2 Hydrogen and CO2 piping - Cabras 1&2	725
2. Cabras 1&2 Facility Improvements - New Plant Maintenance Shop, Plant Paging System, A/C for Office and lab, New Chemical Storage Facility	1,288
3. Replace Existing Yard Fire Hydrant System - Cabras 1 & 2	420
4. Install Generator On-Line Monitoring System for Unit 1&2 and Provide Electrical Testing and Measuring Equipment	228
5. Waste Oil Facility Improvements - Cabras 1 & 2	150
6. Cabras #2 Reheater Tubes Replacement	1,113
7. Replace Cabras Unit #1 Feedwater Heater #2 and Unit #2 FWH #4	1,090
8. Replace Cabras Unit #1 Instrument Air Compressor 1B & Cabras Unit #2 Service Air Compressor	265
9. Cabras Unit #2 Heater Drain Pump & Motor Replacement	240
10. Replace one (1) Boiler feed Pump Motor for Cabras Unit #1	275
11. Replace one (1) Forced Draft Fan Motor for Cabras Unit #1	500
12. Replace Service Water Cooler for Cabras Unit #1	500
13. Replace Unit #1 Auxiliary Transformer - Cabras 1&2	500
<b>CABRAS 1&amp;2 SUBTOTAL</b>	<b>7,069</b>

Capital Improvement Project Name	Project Total
14. Cabras 3 & 4 Facility Improvements - New Storage Building, HVAC Replacement, Plant Security System, New Hydraulic Press for Waste Oil Recovery	1,060
15. Fire Alarm / Suppression System Upgrade Phase 2 - Cabras 3&4	800
16. Replace Battery Bank "A", "B" & "C" - Cabras 3&4	150
17. Governor Control System Replacement - Cabras 3&4	600
18. Homogenizer Replacement - Cabras 3&4	500
19. Sea Water Travelling Screen A,B,C Replacement - Cabras 3 & 4	1,200
20. CEMS Replacement - Cabras 3&4	150

21. Generator Protection Relay Panel Replacement Cabras 3&4	250
22. Distributed Control System (DCS) Replacement - Cabras 3&4	1,200
23. Turbochargers Replacement - Cabras 3&4	1,400
24. Air Cooler 2 sets Replacement - Cabras 3&4	150
25. Exhaust Gas Silencer Replacement - Cabras 3&4	150
26. Fuel Oil Purifier Feed Pumps Replacement - Cabras 3&4	150
27. Installation of Vent Fan for Turbochargers - Cabras 3&4	300
28. Debris Filter Replacement - Cabras 3&4	250
29. Cabras #3 Bearing Temperature Monitoring System	380
CABRAS 3&4 TOTAL	8,790

30. AUTOMATIC GENERATION CONTROLS 1,000

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 15<sup>th</sup> day of December, 2010.

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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