



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: )  
 ) GPA Docket 14-07  
 )  
THE APPLICATION OF THE GUAM )  
POWER AUTHORITY FOR APPROVING ) **ORDER**  
THE CONTRACT WITH EAST WEST )  
POWER GUAM FOR CABRAS 3&4 SMOKE )  
STACK REFURBISHMENT )  
\_\_\_\_\_ )

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Guam Power Authority's ["GPA"] Petition for approval of the Contract with East West Power Guam for Cabras 3&4 Smoke Stack Refurbishment.<sup>1</sup>

BACKGROUND

2. GPA has contracted with its Performance Management Contractor for Cabras 3&4 for refurbishment of the smoke stacks at Cabras 3&4.<sup>2</sup>
3. GPA submits that the steel structure of the smoke stacks for these units, including bracings, steel plates (gusset, angle and stiffener), steel log bolts, and steel nuts, has deteriorated due to severe corrosion.<sup>3</sup>
4. GPA further submits that the repair of the existing steel structure is necessary to ensure the safety of personnel working on the structure and to prevent the existing structure from further deterioration. Failure of the structure would result in a shutdown of both Cabras 3 and Cabras 4 units and the loss of almost 80MW of generation.<sup>4</sup>

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<sup>1</sup> GPA Petition for Contract Review, GPA Docket 14-07, filed March 14, 2014.

<sup>2</sup> Id. at p. 1.

<sup>3</sup> Guam Consolidated Commission on Utilities Resolution No. 2014-12, adopted March 11, 2014, at p. 1.

<sup>4</sup> Id. at p. 1.

5. GPA's PMC East West Power Guam solicited bids for the refurbishment of the Cabras 3&4 Smoke Stacks. Two bids were received, the low bidder being Triple "L" Construction, Inc., in the amount of \$2,898,250.00.<sup>5</sup>
6. The CCU, in Resolution No. 2014-12, has approved GPA's request to contract for the refurbishment of the smoke stacks for Cabras 3&4.<sup>6</sup>
7. GPA proposes that refurbishment of the smoke stack structure of Cabras 3&4 would be paid for utilizing 2010 Bond funds.<sup>7</sup>

#### DETERMINATIONS

8. The Commission adopts the recommendations of the PUC Counsel Report, filed herein on March 22, 2014.<sup>8</sup>
9. The Cabras 3&4 units are critical baseload units for the Island Wide Power System due to their quick start-up capabilities and high efficiency. Failure of the steel structure would result in a shutdown of both units and a loss of almost 80MW of generation.<sup>9</sup>
10. The main purpose of the Stack Structure Refurbishment is to eliminate safety hazards, to ensure the safety of personnel, and to prevent the existing structure from further deterioration.<sup>10</sup>
11. Shutdown could result in lost revenues of \$5.3M.<sup>11</sup>
12. The CONSTRUCTION COST ESTIMATE BREAKDOWN for the project indicates that there will need to be substantial replacements of elements of the Steel Structure.<sup>12</sup>

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<sup>5</sup> GPA Petition for Contract Review, GPA Docket 14-07, filed March 14, 2014, at p. 1 PRICE OFFER of Triple "L" Construction, Inc.

<sup>6</sup> CCU Resolution No. 2014-12, adopted March 11, 2014, at p. 2.

<sup>7</sup> Id.

<sup>8</sup> PUC Counsel Report, GPA Docket 14-07, filed March 22, 2014.

<sup>9</sup> Id. at p. 1.

<sup>10</sup> Id.

<sup>11</sup> Id. at p. 2.

<sup>12</sup> CONSTRUCTION COST ESTIMATED BREAKDOWN, GPA Docket 14-07, filed by GPA Counsel Graham Botha on March 19, 2014.

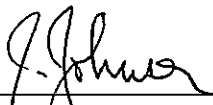
13. Due to the need to prevent further deterioration of the smoke stacks, as well as the initial safety hazards presented to personnel, GPA should be authorized to undertake the repairs.
14. Since the smoke stack repair and refurbishment will be paid for from bond funds, there should be no additional rate impact to GPA's ratepayers.

### ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, the PUC Counsel Report, and for good cause shown, on motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

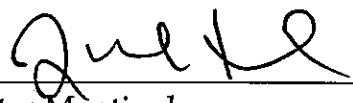
1. GPA's request for approval of the Contract between East West Power Guam and Triple "L" Construction, Inc. for the Cabras 3&4 Smoke Stack Refurbishment is granted.
2. GPA is authorized to expend \$2,898,250.00, using 2010 Bond Funds, for the smoke stack refurbishment for Cabras 3&4.
3. GPA is ordered 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 31<sup>st</sup> day of March, 2014.

  
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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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Peter Montinola  
Commissioner

Order  
Contract for Cabras 3&4  
Smoke Stack Refurbishment  
GPA Docket 14-07  
March 22, 2014

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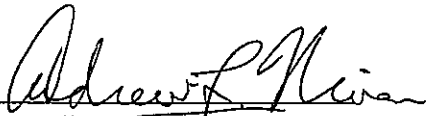
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Michael A. Pangelinan  
Commissioner



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Filomena M. Cantoria  
Commissioner



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Andrew L. Niven  
Commissioner