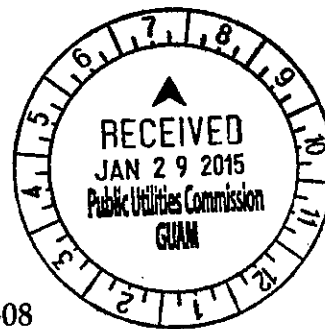


BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



GUAM POWER AUTHORITY
LEVELIZED ENERGY ADJUSTMENT
CLAUSE [LEAC]

GPA DOCKET 15-08

ORDER

In accordance with the protocol established by Guam Public Utilities Commission [PUC] Order dated January 29, 1996, as amended by Order dated March 14, 2002, Guam Power Authority [GPA] transmitted its LEAC Filing, dated December 18, 2014, to the PUC.¹ GPA requested that the Levelized Energy Adjustment Clause Factor ["LEAC"], for the six-month period commencing February 1, 2015, be decreased from \$0.146666/kWh to \$0.121461/kWh effective for meters read on or after February 1, 2015.² This decrease in the LEAC factor represents a 10.29% decrease in the total bill or a \$25.21 decrease for a residential customer utilizing an average of 1,000 kilowatt hours per month.³

The basis for the LEAC filing is the continuing decline in worldwide fuel prices. As recently as December 1, 2014, the PUC ratified an Order of the Chairman that reduced the LEAC factor from \$0.17644/kWh to \$0.146666/kWh for residential customers effective November 1, 2014.⁴ The substantial decrease in worldwide fuel prices was also the rationale for the prior PUC approved reduction in the LEAC

On December 11, 2014, the Guam Consolidated Commission on Utilities, in Resolution No. 2014-71, authorized GPA Management to Petition the PUC for a decrease in the LEAC for the period February 1, 2015, through July 31, 2015 as set forth in GPA's Petition.⁵ The CCU recognized that the market price for fuel had been declining and projected it to be \$70.27/bbl for the upcoming LEAC period. No change was requested in the Working Capital Fund Surcharge.⁶

On January 18, 2015, the PUC's Consultant, Slater Nakamura & Co. LLC [hereinafter "Slater"], submitted its Review of the Proposed LEAC Adjustment.⁷

¹ GPA LEAC Filing, GPA Docket 15-08, filed December 18, 2014, at p. 1.

² Id.

³ Id.

⁴ PUC Ratification Order, GPA Docket 14-12, filed December 1, 2014.

⁵ CCU Resolution No. 2014-71, adopted December 11, 2014.

⁶ Id.

⁷ Slater, Nakamura & Co. Report on the Investigation of the Request for LEAC Adjustment, GPA Docket 15-08, filed January 18, 2015.

Slater recommended two principle changes to the GPA LEAC calculation: first, GPA was requested to revise its sales forecast method. GPA had relied upon the Leidos Engineering sales forecast done in June 2014. It modified its approach by increasing the Leidos sales forecast for 2015 by the same percentage that Leidos had under-forecast actual sales for all of Fiscal year 2014.⁸ GPA's adjustment method increases the amount of LEAC revenues recovered in both the Reconciliation and forecast periods relative to results using other adjustment techniques.⁹

Second, Slater recommended that GPA update the original filing with a January forecast of residual and diesel fuel oil based on the January 12, 2015 Morgan Stanley estimates.¹⁰ Use of the Morgan Stanley updated forecast reduced the projected cost of RFO by approximately \$13 per barrel and Diesel by approximately \$16 per barrel.¹¹ Based upon these revisions, GPA's data produces a scenario that decreases the LEAC rate further to \$0.096814.

Slater recommends that the LEAC rate for secondary customers be decreased to \$0.096814 per kWh instead of the \$0.121461 per kWh proposed by GPA in its original filing.¹²

Thereafter, GPA raised the concern that fuel oil prices are fluctuating; the possibility exists that too low a decrease in LEAC could necessitate substantial future increases in the event that fuel prices rise. Perhaps a more cautious approach in reduction of LEAC would be in order.¹³ GPA concurred that it could accept a LEAC factor in the range of \$0.102 per kWh.¹⁴ PUC Consultant Slater indicated that, if GPA offered to set the LEAC between 10.2 and 11.00 cents per kWh, market information on current fuel prices would support GPA's request.¹⁵ GPA then filed an updated Fuel Clause Reconciliation, Schedule 1, that sets the LEAC factor at \$0.102054.¹⁶ A true and correct copy of Schedule 1 is attached hereto.

⁸ Id. at pgs. 6-7.

⁹ Id.

¹⁰ Id. at p.1.

¹¹ Id. at p. 2.

¹² Id. at p. 10

¹³ Email from GPA Counsel Graham Botha to PUC Counsel Fred Horecky dated January 25, 2015.

¹⁴ Discussion between GPA Assistant CFO Cora Montellano and PUC Counsel Fred Horecky on January 28, 2015.

¹⁵ Email from Alan Finder to PUC Counsel Horecky dated January 29, 2015.

¹⁶ GPA Fuel Clause Reconciliation, Schedule 1, filed by CFO Cora Montellano on January 28, 2015.

DETERMINATIONS

1. PUC adopts the recommendations in the Slater Report. Furthermore, it is reasonable and prudent to adopt the LEAC factors as set forth in GPA Revised Schedule 1, attached hereto as Exhibit "1".
2. This change represents a decrease of \$44.61 per month, or 18.2%, in the total bill for a residential customer using an average of 1,000 kilowatt hours per month.

ORDERING PROVISIONS

After carefully reviewing the record in this proceeding, having considered the LEAC Filings of GPA and the Report of Slater, Nakamura & Co. LLC, and after discussion at a duly noticed public meeting held on January 29, 2015, for good cause shown and on motion duly made, seconded and carried by affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

1. The current singular LEAC factors are hereby adjusted effective February 1, 2015, as shown in the following table:

<u>Delivery Classification</u>	<u>LEAC</u> <u>\$ per kWh</u>
Secondary -	\$ 0.102054
Primary - 13.8 KV	\$ 0.098105
Primary - 34.5 KV	\$ 0.097741
Transmission - 115 KV	\$ 0.096190

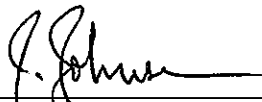
This change represents a 18.2% decrease in the total bill for a residential customer utilizing an average of 1,000 kilowatt hours per month (\$44.61 per month).

2. GPA should file for a change in the LEAC factors to be effective August 1, 2015 on or before June 15, 2015.

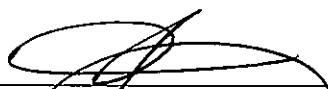
3. As requested by GPA, the current Working Capital Fund Surcharge of \$0.00466/kWh for civilian customers and \$110,374.00/month for the Navy shall remain in effect. This Surcharge is for the payment of debt service on the replenishment of the WCF from bond funds.

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 29th day of January, 2015.

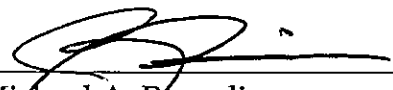


Jeffrey C. Johnson
Chairman

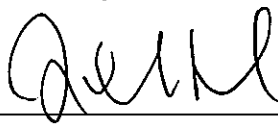


Rowena E. Perez
Commissioner

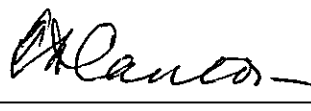
Joseph M. McDonald
Commissioner



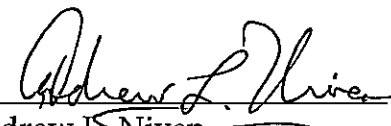
Michael A. Pangelinan
Commissioner



Peter Montinola
Commissioner



Filomena M. Cantoria
Commissioner



Andrew L. Niven
Commissioner

GUAM POWER AUTHORITY
Fuel Clause Reconciliation

Schedule 1

	FY 15		
	Civilian	Navy	
1 Start Date			
2 Total Sales	1,539,305	343,076	
3 Daily Sales	4,217	940	
4 Plant Use	5,71%	53.63	
5 Transmission Loss	0.29%	-	
5a Transmission Loss Above 13.8kV	2.09%	19.69	
6 Distribution Loss	2.90%	-	
7 Company Use	0.20%	1.87	
8 Total Daily Demand			
	<u>3,575,332</u>		<u>1,015.12</u>
			% To
			<u>Total</u>

	Feb-15 28	Mar-15 31	Apr-15 30	May-15 31	Jun-15 30	Jul-15 31	TOTALS	
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast		
9 Month								
10 Days								
11 Required Generation-Civilian	100,109	110,835	107,260	110,835	107,260	110,835	647,133	77.886%
12 Required Generation-Navy	28,423	31,469	30,454	31,469	30,454	31,469	183,737	22.114%
13 TOTAL REQUIRED GENERATION	128,532	142,304	137,713	142,304	137,713	142,304	830,870	

	Feb-15 28	Mar-15 31	Apr-15 30	May-15 31	Jun-15 30	Jul-15 31	TOTALS	
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast		
14 Number 6 (HSFO/LSFO)	\$ 16,067,450	\$ 12,166,333	\$ 10,153,570	\$ 9,791,888	\$ 9,564,390	\$ 10,286,116	\$ 68,029,745	Schedule 2
15 Number 2 (GPA)	807,387	2,154,055	2,680,733	2,823,934	2,171,016	1,595,467	12,232,591	Schedule 3
16 Renewables	0	803,733	777,336	840,493	821,730	690,720	3,934,012	Schedule 4
17 TOTAL COST	\$ 16,874,837	\$ 15,124,121	\$ 13,611,638	\$ 13,456,314	\$ 12,557,135	\$ 12,572,302	\$ 84,196,349	Schedule 5
18 Handling Costs	(892,328)	(892,093)	(891,952)	(891,573)	(891,640)	(890,492)	(5,350,078)	Schedule 5
19 TOTAL EXPENSE	\$ 15,982,509	\$ 14,232,029	\$ 12,719,686	\$ 12,564,741	\$ 11,665,496	\$ 11,681,810	\$ 78,846,270	

Calculation of Civilian Factor

20 Sales-Civilian	91,765	101,598	98,320	101,598	98,320	101,598	593,198	
20a Sales-At Transmission Level	6,165	6,826	6,605	6,826	6,605	6,826	39,853	
20b Sales @ 13.8 kV	85,600	94,772	91,715	94,772	91,715	94,772	553,346	
21a Fuel Cost Recovery @ 13.8 kV	\$102,054							
21b Fuel Cost Recovery @ "Transmission"	8,735,861	9,671,846	9,359,851	9,671,846	9,359,851	9,671,846	56,471,100	
21c Total Recovery	604,115	668,842	647,266	668,842	647,266	668,842	3,905,175	
22 Civilian Costs (Total Expense x %)	77.886%	12,448,167	11,084,785	9,906,879	9,786,198	9,085,810	9,098,517	61,410,355
22a Deferred Fuel Amort.								0
23 Under/(Over)		3,108,191	744,097	(100,239)	(554,490)	(921,307)	(1,242,171)	1,034,081
24 Estimated Under/(Over)								
25 Net Recovery Under/(Over)								
26 Proposed Fuel Cost Recovery								\$ 96,5550 Proposed Rate Without Discount
Half of Navy Adjustment		0						
Civilian Clause Reconciliation:								
27 Opening Recovery Balance-January 31, 2014		(4,134,081)	(1,025,890)	(281,793)	(382,032)	(936,522)	(1,857,829)	
Under/(Over)		3,108,191	744,097	(100,239)	(554,490)	(921,307)	(1,242,171)	
29 Closing Recovery Balance		(1,025,890)	(281,793)	(382,032)	(936,522)	(1,857,829)	(3,100,000)	(1,034,081) Decrease/(Increase) in Deferred Fuel

Bills Computed at 1000 KWh/month	Current Rates (1)	Current Bill	Rate to fully recover	Increase (Decrease)
Customer Charge \$/month	\$ 13.00	\$ 13.00	\$ 13.00	-
Non Fuel Energy Charges (\$/kwh)				
Lifeline Usage (500 Kwh)	\$ 0.0629	\$ 31.46	\$ 31.46	-
Non Lifeline Usage	\$ 0.0899	\$ 44.93	\$ 44.93	-
WaterWell Charge				
Lifeline Usage (500 Kwh)	0.00000	-	-	-
Non Lifeline Usage	0.00279	\$ 1.40	\$ 1.40	-
Insurance Charge	0.0029	\$ 2.90	\$ 2.90	-
W/CF Surcharge	0.00466	\$ 4.66	\$ 4.66	-
Roll Back Credit (RBC)	0	-	-	-
Fuel Recovery Charge		\$ 146.67	\$ 102.05	\$ (44.61)
TOTAL Bill		\$ 245.01	\$ 200.40	\$ (44.61)
Increase (Decrease) From Current Bill				(44.61)
Percent Increase (Decrease)				-18.21%
Increase (Decrease) From Current Leac Factor				(44.61)
Percent Increase (Decrease)				-30.42%

Adjusted LEAC Rate:

Customer	Effective	Adjusted LEAC Rate
Customer	Feb-15	
Secondary - 13.8 KV	0.102054	\$
Primary - 13.8 KV	0.098105	\$
34.5 KV	0.097741	\$
115 KV	0.096190	\$
		96.13%
		95.77%
		94.25%