

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GPA Docket 18-11
)
 The Application of the Guam Power)
 Authority to Approve the GPA’s Use of) **ORDER**
 Bond Refinancing Savings for GPA’s)
 Bringing Energy Savings To (BEST))
 Schools Program and GPA’s Demand-Side)
 Management (DSM) Rebate Program.)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] for Approval of GPA’s use of Bond Refinancing Savings for GPA’s Bringing Energy Savings to (BEST) Schools Program, GPA’s Demand-Side Management (DSM) Rebate Program, and New Generation Debt Service.¹

BACKGROUND

2. In GPA Docket 17-20, the PUC approved GPA’s refunding of its 2010 Series A Revenue Bonds.²
3. In its Order, the PUC held:
 “In sixty (60) days after such bonds have been issued, GPA shall submit a petition to the Commission indicating the manner in which actual savings shall be allocated, and the purposes for which GPA intends to expend the savings from the bond issuance.”³
4. In addition, in Public Law 34-69, Section 2(h) (the Act approving GPA’s Bond Refunding, the Guam Legislature required that
 “Savings from refunding *shall be utilized specifically for the benefit of the ratepayers.* GPA shall notify *I liheslatura* within sixty (60) days of refinancing of its intent and plan regarding the savings achieved from refinancing.” (emphasis added).

¹ GPA Petition of the Guam Power Authority (GPA) for Approval of GPA’s use of Bond Refinancing Savings for GPA’s Bringing Energy Savings to (BEST) Schools Program and GPA’s Demand-Side Management (DSM) Rebate Program, GPA Docket 18-11, dated March 14, 2018.

² PUC Order, GPA Docket 17-20, dated December 5, 2017, at p. 1.

³ Id., at Ordering Provision No. 3.

5. In its SUMMARY OF SAVINGS from the Bond Refunding, GPA indicates that its total cash flow savings over the roughly 23 years of the bond refunding will be \$11,528,439 in total cash flow savings. The Annual Cash Savings are projected to be \$501,236 (average).⁴
6. GPA has three basic proposals for the use of the bond refunding savings: (1) the use of \$500,000 for implementing GPA's Bringing Energy Savings to Schools Program (BEST); (2) the balance of the savings through 2021 to fund the GPA Demand Side Management (DSM) rebate program in the amount of \$1,139,189; and (3) the remainder of savings after 2021 (\$9,889,250) to offset the annual debt service cost of the proposed new 180MW power plant.⁵
7. In Resolution No. 2018-02, the Guam Consolidated Commission on Utilities authorized GPA to petition the PUC for use of the bond refinancing savings for the BEST Schools Program, GPA's DSM Rebate Program, and New Generation Debt Service.⁶
8. PUC Counsel filed his Report herein on March 25, 2018.⁷

DETERMINATIONS

9. In Public Law 34-69, the Guam Legislature established the criteria for the use of savings by GPA: "Savings from refunding *shall* be utilized **specifically for the benefit of ratepayers.**" (emphasis added).
10. The issue is whether each of the uses of savings from bond refunding proposed by GPA are "specifically for the benefit of ratepayers."

⁴ Guam Consolidated Commission on Utilities Resolution No. 2018-02, Relative to Bond Financing Savings Utilization at Exhibit A, dated February 27, 2018.

⁵ GPA Petition of the Guam Power Authority (GPA) for Approval of GPA's use of Bond Refinancing Savings for GPA's Bringing Energy Savings to (BEST) Schools Program and GPA's Demand-Side Management (DSM) Rebate Program, GPA Docket 18-11, at pgs. 1-2; see also GPA Responses to PUC Requests for Information, dated March 23, 2018.

⁶ Guam Consolidated Commission on Utilities Resolution No. 2018-02, Relative to Bond Financing Savings Utilization, dated February 27, 2018.

⁷ PUC Counsel Report, GPA Docket 18-11, dated March 25, 2018.

11. For GPA's BEST program, GPA hired Siemens Industry Inc. to conduct a feasibility study for the amount of \$219,435 for the Guam Department of Education's schools. The study will provide recommendations for energy efficiency, renewable energy, and O & M and CIP for electrical equipment such as HVAC.⁸
12. Siemens will survey the existing school buildings to identify and conduct preliminary sizing of solar array locations for each school site; provide a preliminary audit of existing school building Heating Ventilation & Air-Conditioning (HVAC) systems; and provide preliminary audits for energy management systems, water/wastewater systems, lighting systems, and operations and maintenance plans.⁹
13. Depending on the school chosen for the "post-feasibility phase", GPA and Siemens will execute projects at that school for solar PV, energy efficiency, and O & M/CIP investments into the school's electrical plants.¹⁰
14. GPA's proposal to use part of the Bond Refunding savings for GPA's Bringing Energy Savings to Schools Program (BEST) will specifically benefit ratepayers. If the plan is successful, the use of renewable energy systems by GDOE should reduce fuel cost and have a positive impact on LEAC rates. In the long term, the use of renewable energy should also reduce the cost of power to ratepayers.
15. Modernizing GDOE facilities and extending GDOE equipment life through maintenance will also result in energy savings. This use satisfies the ratepayer benefit criteria established by the Legislature.
16. The second use proposed by GPA is to use savings to replenish GPA's Demand-Side Management (DSM) Rebate Program. In the DSM Docket, GPA Docket 13-14, it was specifically agreed by the PUC and GPA that through DSM program "will provide substantial benefits to the ratepayers."¹¹
17. The PUC has also previously determined that it is in the interest of GPA and its ratepayers to implement additional DSM initiatives, including the new initiative

⁸ GPA Responses to PUC Requests for Information, dated March 23, 2018, RFI No. 3; Siemens Initial Preliminary Feasibility Assessment Proposal.

⁹ Id. at p. 1.

¹⁰ GPA Responses to PUC Requests for Information, dated March 23, 2018, RFI No. 3.

¹¹ PUC Order, GPA Docket 13-14, dated April 30, 2015 at p. 3.

proposed: “DSM Programs should foster energy conservation and hopefully reduce the need in the long term for as much additional generation capacity.”¹²

18. GPA initially implemented four DSM and EE Programs (Central AC, Ductless AC, Washer, and Dryer).
19. On May 25, 2017, the PUC approved GPA’s implementation of ten new DSM programs, as set forth in the PUC Counsel Report.¹³
20. Previously GPA was authorized to expend funds for the DSM program in the approximate amount of \$1.8M; however, roughly \$1.3M has been expended to date.¹⁴ Thus, an alternate funding source must be identified.
21. \$1.14M will be used to replenish GPA’s Demand-Side Management Rebate Program. These funds will be allocated to the DSM program in 2019 and 2020.¹⁵ These funds will provide rebates to ratepayers for energy efficient measures.
22. It is hoped that expansion of the DSM programs will reduce the amount of energy and generation capacity that GPA must produce for its ratepayers. Should the program be successful in reducing energy consumption, GPA will conceivably need to provide less generation capacity.
23. A reduction in energy production facilities and capacity will provide savings for the ratepayers. Therefore, the expansion of DSM programs is specifically in the interest of ratepayers.
24. The bulk of the savings was that GPA will derive from the bond refunding will be utilized to offset the annual debt service cost of the new 180MW power plant. In 2021 through 2039, \$9,889,250 will be utilized to offset the annual debt service cost of the new 180MW power plant.¹⁶
25. GPA estimates that the projected capacity fee cost of its new generation combined cycle units will be over \$303M, which includes a deduction of insurance proceeds of

¹² PUC Order, GPA Docket 13-14, dated May 25, 2017, at p. 3.

¹³ PUC Order, GPA Docket 13-14, dated May 25, 2017.

¹⁴ CCU Board Packet of GPA Materials, March 22, 2018, at p. 51 (GM Report).

¹⁵ Exhibit B to the PUC Requests for Information, dated March 23, 2018.

¹⁶ Exhibit B to the PUC Requests for Information, dated March 23, 2018.

\$82M. The annual debt service for thirty years, including principal and 4% interest, will be over \$17.5M.¹⁷

26. Application of bond savings payments of \$520,000 per year from 2022 through 2040 to the new generation debt service of \$17.5M per year will hardly make a dent in payments related to the cost of the 180MW plant. Nevertheless, application of the bond cost savings from the refunding will reduce actual hard costs that the ratepayers will have to bear.
27. The debt service costs will be funded from rate revenues derived from ratepayers. Application of the bond savings to the debt service will help to ensure that GPA complies with its promise not to raise rates resulting from the new generation costs.
28. To the extent that the bond refunding cost savings pay for debts that would otherwise be funded through ratepayer revenues, there is a specific benefit for the ratepayers.

ORDERING PROVISIONS

After careful review and consideration of the above determinations, the Petition of GPA, the Report of PUC Counsel, and the record herein, for good cause shown, on motion duly made, seconded, and carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby ORDERS that:

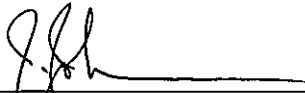
1. GPA's proposed uses for Bond Refinancing savings, as set forth in its Petition and CCU Resolution 2018-02, are hereby approved.
2. GPA shall allocate the bond refinancing savings as follows: \$500,000 for implementing GPA's Bringing Energy Savings to Schools Program (BEST); \$1,139,189 to fund the GPA Demand Side Management (DSM) rebate program; and \$9,889,250 to offset the annual debt service cost of the proposed new 180MW power plant.
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 §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the

¹⁷ Exhibit C to the PUC Requests for Information, dated March 23, 2018.

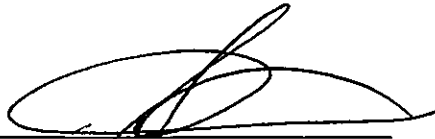
Order
GPA Bond Refinancing
Savings Utilization
GPA Docket 18-11
March 29, 2018

Public Utilities Commission.

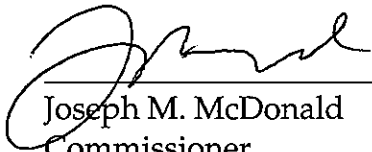
Dated this 29th day of March, 2018.



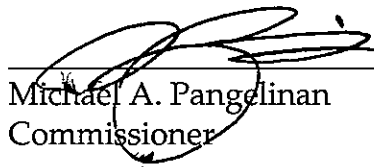
Jeffrey C. Johnson
Chairman



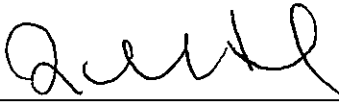
Rowena E. Perez
Commissioner



Joseph M. McDonald
Commissioner



Michael A. Pangolinan
Commissioner



Peter Montinola
Commissioner



Filomena M. Cantoria
Commissioner

Andrew L. Niven
Commissioner