

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 17-11
)
The Application of the Guam Power)
Authority to Approve Additional) **PUC COUNSEL REPORT**
Expenditures for the Dededo CT Return to)
Service Project)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] to Approve Additional Expenditures for the Dededo CT Return to Service Project.¹
2. GPA requests authorization from the PUC to use \$2.607M in additional CIP revenue funds for FY 2017 to return the Dededo CT units to service.

BACKGROUND

3. In GPA Docket 16-06, the PUC authorized GPA to reprogram 1999 and 2010 Bond Funds, in the amount of \$6.36M, to fund various repairs for the Dededo CT Units 1 & 2, such as generator rotor repair and replacement of Switchgear.²
4. The PUC has previously determined that the Dededo CT Plant rehabilitation is “a worthwhile and necessary project to provide additional generation capacity for the island wide power system.”³
5. The PUC also found that the Dededo CTs provide dedicated support to the Anderson Air Force Base Substation and improved system reliability and life extension of the combustion turbines.⁴
6. The PUC authorized GPA to expend \$2,020,000.00 in 2014 Bond Proceeds for “Dededo CT Return to Service Inclusive of Stator/Rotor Repair.”⁵

¹ GPA Petition to Approve Additional Expenditures for the Dededo CT Return to Service Project, GPA Docket 17-11, filed November 7, 2016.

² PUC Order, GPA Docket 16-06, dated April 28, 2016, at pgs. 1 & 3.

³ PUC Order, GPA Docket 15-22, dated January 25, 2016; PUC Order, GPA Docket 16-06, dated April 28, 2016, at p. 2.

⁴ Id.

7. In Resolution No. 2016-64, the Guam Consolidated Commission on Utilities approved GPA's request to use \$2.607M in additional CIP Revenue Funds for FY 2017 to return the Dededo CT units to service, for a total of \$9.7M.⁶

ANALYSIS

8. Since the PUC has already determined that the Dededo CT Plant rehabilitation is a worthwhile and necessary project, it stands to reason that the PUC should authorize necessary funding for the project.
9. To date, it appears that the PUC has already authorized GPA to expend \$8,380,000 in Bond Funds for the rehabilitation and repair of the Dededo CTs (\$1.2M from the 1999 Bond Funds, \$5.16M from the 2010 Bond Funds, and \$2.020M from the 2014 Bond Funds).
10. However, GPA already expended a portion of the \$2,020,000.00 in 2014 Bond Proceeds for "Dededo CT Return to Service Inclusive of Stator/Rotor Repair." GPA submitted invoices to Counsel demonstrating that National Electric Coil was paid \$1.284M in 2014 for services related to the Dededo CTs.⁷
11. National Electric Coil performed services such as inspection, testing and repair of the rotor; inspection, testing, and repair of the stator; and installation of the rotor and assembly of the generator.⁸
12. GPA indicates that it requires a total of \$9.7M to return the units to service. From the 2014 Bond Funds, there is only the remaining sum of \$736,000. Thus, the total available bond funds for this project are \$7,096,000.
13. GPA requires an additional \$2.607M for the repair and rehabilitation of the Dededo CTs. The PUC already approved that amount in GPA's FY2017 ceiling cap, which is funded from revenue funds.⁹

⁵ PUC Order, GPA Petition for Use of 2014 Bond Proceeds on Projects, GPA Docket 14-09, dated December 1, 2014, at p. 3.

⁶ Guam Consolidated Commission on Utilities Resolution No. 2016-64, Relative to Authorizing Additional Expenditures for the Dededo CT Return to Service Project, adopted October 25, 2016, at p. 2.

⁷ E-mail from GPA Attorney Graham Botha to PUC Counsel Fred Horecky, dated November 21, 2016, with various purchase orders attached.

⁸ Id.

RECOMMENDATIONS

14. Counsel recommends that PUC approve GPA's Additional Expenditures for the Dededo CT Return to Service Project.
15. PUC should authorize GPA to expend an additional amount from the FY 2017 CIP Revenue Funds in the amount of \$2.607M.
16. The additional expenditures from CIP Revenue Funds are necessary so that GPA can fund the rehabilitation and repair of the Dededo CTs.
17. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 21st day of November, 2016.

Frederick J. Horecky
PUC Legal Counsel

⁹ PUC Order, GPA Docket 16-13, dated September 29, 2016, at p. 1; Attachment 1 to GPA Petition to Approve the FY2017 GPA CIP Ceiling Cap Budget, GPA Docket 16-13, filed September 14, 2016.