

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF: ) GPA Docket 14-09  
 )  
Guam Power Authority's Request for Use )  
of 2014 Bond Proceeds on Projects )  
 )  
 )  
 )  
 )  
 )  
 )



ORDER

This matter came before the Guam Public Utilities Commission ["PUC"] upon Guam Power Authority's ["GPA"] Petition for Use of 2014 Bond Proceeds on Projects.<sup>1</sup> On July 31, 2014, the PUC approved the 2014 GPA Revenue Bond issuance.<sup>2</sup> At that time, PUC was advised by GPA as to the specific projects for which it would seek PUC approval; GPA attached a listing to its petition of the specific Capital Improvement Projects intended to be funded by bond financing, and the amount for each project.

PUC Counsel issued his Report herein on November 17, 2014.<sup>3</sup> Counsel recommends that the PUC approve 25 of the 26 projects which GPA seeks to fund from bond proceeds under the 2014 Revenue Bond issue.<sup>4</sup> The only project for which Counsel does not recommend approval at present is the LNG Initial Start Up, which GPA seeks to fund in the amount of \$3M.<sup>5</sup>

For each of the projects for which PUC Counsel recommends approval, GPA has provided detailed project descriptions, justifications, consideration of alternatives, and cost-benefit analyses.<sup>6</sup> In each case, GPA's projections showed that the benefits of the projects outweigh the costs. Overall, projects such as the Cabras Overhauls and Maintenance, Environmental Compliance Program, Fadian SCADA System, Energy Storage and Renewable Energy Mitigation, and other repairs and upgrades to the generation, transmission and distribution systems should improve the reliability of the Island Wide Power System and further protect it against potential harm and damage. PUC finds that each of the 25 proposed projects are prudent and in the interest of ratepayers.

In its 2014 Bond Project List, GPA has indicated funds in the amount of \$3M for "LNG Initial Start Up." Attached to GPA's Petition is a chart showing MONTHLY CASH FLOWS for LNG Initial Start Up of \$3M over three years. The vast bulk of such expenditures are for "CONSULTING SERVICES," totaling over \$936,000 for each year. However, there is no description in the Petition as to what services are involved or what

<sup>1</sup> GPA Petition for Use of 2014 Bond Proceeds on Projects, GPA Docket 14-09, filed October 3, 2014.

<sup>2</sup> PUC Order Approving Revenue Bonds and Order Approving Long Term Debt, GPA Docket 14-09, issued July 31, 2014.

<sup>3</sup> PUC Counsel Report, GPA Docket 14-09, issued November 17, 2014.

<sup>4</sup> Id. at p. 3.

<sup>5</sup> Id. at p. 4.

<sup>6</sup> See Project Descriptions attached to GPA's Petition for Use of 2014 Bond Proceeds on Projects.

However, there is no description in the Petition as to what services are involved or what consulting services are needed.<sup>7</sup> Counsel does recommend approval for one project to be funded out of the \$3M for LNG Initial Start Up: Generation Operations (Gen OPS) and @RISK Software Implementation. This software is designed to assist GPA in the processes that relate to generation, fuel planning, and economic dispatching.<sup>8</sup> Counsel recommends that expenditure for such software in the amount of \$270,000.00 should be approved from the \$3M budget for LNG Initial Start Up.<sup>9</sup>

Before GPA seeks additional funds for LNG Start Up, it should file a separate petition or petitions with the PUC indicating specific amounts sought for funding, descriptions of the specific services to be performed, justifications, and cost-benefit analyses. Any Consulting Services for LNG Start Up should be bid out in accordance with Guam procurement laws.<sup>10</sup>

Based upon the recommendation of Slater, Nakamura & Co., PUC Consultant, it is recommended that \$35M for the Energy Storage and Renewable Energy Mitigation project be approved.

### *Ordering Provisions*

Upon consideration of the record herein, the Petition of GPA for Use of 2014 Bond Proceeds on Projects, the PUC Legal Counsel Report, and for good cause shown, upon motion duly made, seconded and unanimously carried by the affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. The PUC hereby adopts the reasoning in the PUC Counsel Report and the Slater, Nakamura & Co. Report filed herein.
2. 25 of the 26 projects listed by GPA in its petition, with the exclusion of LNG Initial Start Up, are approved for funding in the amounts requested.
3. The 25 approved 2014 Bond Projects for which GPA seeks to expend bond funds are reasonable, prudent and necessary.
4. GPA is additionally authorized to expend \$270,000.00 from the LNG Initial Startup Funds for the GenOPS and @RISK software. However, Before GPA seeks

---

<sup>7</sup> PUC Counsel Report, GPA Docket 14-09, issued November 17, 2014, at p. 9.

<sup>8</sup> Id. at pgs. 9-10.

<sup>9</sup> Id.

<sup>10</sup> Id. at p. 10.

additional funds for LNG Start Up, it should file a separate petition or petitions with the PUC indicating specific amounts sought for funding, descriptions of the specific services to be performed, justifications, and cost-benefit analyses. Any Consulting Services for LNG Start Up should be bid out in accordance with Guam procurement laws. In accordance with the Contract Review Protocol, GPA must seek authorization for such procurement before the procurement process begins.

5. GPA is authorized to expend \$270,000.00 for the Gen OPS and @RISK Software, said amount to come from the \$3M for LNG Initial Start Up. However, before GPA seeks additional funds for LNG Start Up, it should file a separate petition with the specific amounts it seeks to fund, descriptions of the specific consulting services, justifications, and cost-benefit analyses. Consulting services for LNG Start Up should be bid out in accordance with Guam procurement laws.
  
6. Approval is granted for the following projects, and in the following amounts:

Projects	Total Costs
Cabras 1 – Major Boiler Overhaul	\$1,460,000.00
Cabras 3&4 Major O&M	\$2,100,000.00
Environmental Compliance Program (Diesel Rice MACT)	\$4,220,000.00
Fadian SCADA System	\$1,800,000.00
Energy Storage and Renewable Energy Mitigation	\$35,000,000.00
Cabras 2 – Turbine and Boiler Overhauls	5,683,000.00
Dededo CT Return to Service Inclusive of Stator/Rotor Repair	\$2,020,000.00
Cabras Compound Employee and Visitor Parking Lot	\$400,000.00
Diesel Plant MOMs and Fuel Oil Tank Repairs	\$1,091,000.00
Generator Protection Upgrade with Fault Recorders	\$580,000.00
Piti 115 kV GIS Major Maintenance	\$700,000.00
Agat Shoreline Pole Restoration Project	\$384,000.00
System Protection Improvement & Cap Bank Controllers	\$1,312,000.00
Substation Major Refurbishment – San Vitores T-112, Harmon T500 and T501, Macheche T90	\$540,000.00
34.5 kV Breaker Upgrades	\$355,000.00
13.8 kV Breaker Upgrades	\$400,000.00
Substation Battery Banks/Chargers Upgrade	400,000.00
Network Communication – Fiber to Fadian Complex	\$1,100,000.00
Mobile Workforce Management	\$500,000.00
Distribution Improvements	\$240,000.00
Facilities Physical Security	\$1,350,000.00
Information Technology (IT) Upgrades	\$1,100,000.00
Harmon X82 to Yigo X160 Overhead Line Upgrade	\$2,470,000.00
SGIG (not covered by grant)	\$630,000.00


Order  
Request for Use of  
2014 Bond Proceeds on Projects  
GPA Docket 14-09  
December 1, 2014

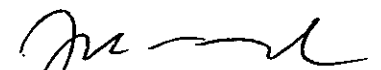
---


LNG Initial Startup (but, at present, only for Gen OPS and @RISK Software)	\$270,000.00
Dededo Substation Capacitor Bank	\$165,000.00
Grand Total	\$66,270,000.00

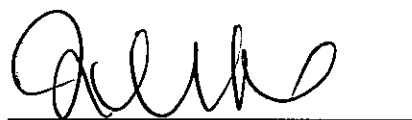
7. With regard to the Energy and Renewable Energy Mitigation project in the amount of \$35M, GPA should seek prior approval from the PUC before issuing the procurement.
8. GPA is ordered to pay the Commission's regulatory fees and expenses, including, without limitation, consulting and counsel fees and 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.

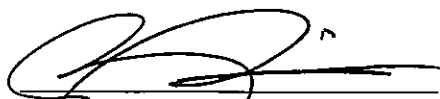
Dated this 1st day of December, 2014.

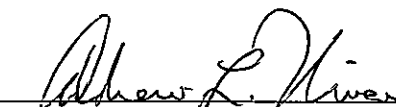
  
Jeffrey C. Johnson  
Chairman


  
Joseph M. McDonald  
Commissioner

  
Rowena E. Perez  
Commissioner

  
Peter Montinola  
Commissioner

  
Michael A. Pangelinan  
Commissioner

  
Andrew L. Niven  
Commissioner

  
Filomena M. Cantoria  
Commissioner

Order  
Request for Use of  
2014 Bond Proceeds on Projects  
GPA Docket 14-09  
December 1, 2014

---