

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
) GPA Docket 16-13
)
The Application of the Guam Power)
Authority to Approve the FY2017 GPA) ORDER
CIP Ceiling Cap)
)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [PUC] upon GPA’s Petition for Request for Approval of FY2017 GPA CIP Ceiling Cap.¹ Therein, GPA requests the PUC approval of its FY2017 Capital Improvement Project Cap in the amount of \$18,798,120, which consists of General Plant (\$18,798,120) and Engineering (\$0).² The Guam Consolidated Commission on Utilities [CCU] approved the FY2017 Capital Improvement Project Ceiling Cap.³

BACKGROUND

The Background of this matter is fully addressed in the PUC Counsel Report dated September 23, 2016. The Commission adopts the Counsel Report and the recommendations set forth therein.

DETERMINATIONS

This year’s requested cap includes a few extraordinary items: (1) Cabras 1 & 2 Overhaul, \$5,190,000; (2) Ten Diesel Plant Unit Overhauls, \$2,593,300; and (3) Dededo Combustion Turbine Repairs; \$2,907,200.⁴ Past Cabras overhauls have generally been funded through bonds. The Dededo CT repairs are being partially funded through bond funds, but the expenditure included in the cap is the revenue funded portion.⁵

¹ GPA Petition for Contract Review (Application to Approve the FY2017 GPA CIP Ceiling Budget), GPA Docket 16-13, filed September 14, 2016.

² Id. at p. 2.

³ Guam Consolidated Commission on Utilities (CCU) Resolution No. 2016-46, Relative to the Adoption of a Budget for the Guam Power Authority for Fiscal Year 2017, adopted August 23, 2016.

⁴ Attachment 1 to GPA Petition.

⁵ Id. at p. 3.

If these extraordinary expenditures were not required for inclusion in this year's cap, the total cap would be in the range of \$8M. Without the extraordinary expenses, the CIP Cap proposed for FY2017 is generally consistent, in terms of dollar amount, with the CIP Cap levels of prior years. The prior year cap levels were as follows:

FY2016 Cap: \$12,067,780
FY2015 Cap: \$9,974,000
FY2014 Cap: \$7,363,110.
FY2013 Cap: \$10,135,760.
FY2012 Cap: \$13.581M.
FY2011 Cap: \$5M.⁶
FY2010 Cap: \$16,390,707.⁷

Even with the extraordinary expenses, the cap for FY2017 is within \$2M plus of the FY2010 cap. The expenditures listed appear to be reasonable; purchase of the items indicated could reasonably be expected to lead to the maintenance and upgrading of GPA operations.

GPA will need to seek approval under the Contract Review Protocol for procurement of those items included within the CIP cap which exceed the \$1.5M threshold. The extraordinary plant overhaul/repair items will need to go through the Contract Review process in order to obtain PUC approval. Certain expenditures for the Dededo Combustion Turbines have already been approved.⁸ Furthermore, GPA has already requested that the Consolidated Commission approve the Cabras 1 & 2 Overhaul and the Ten Diesel Plant Unit Overhauls, and forward the same to PUC for approval under the Contract Review Protocol.⁹

⁶ PUC Order, GPA Docket 13-16, dated October 29, 2013, at pgs. 1-2.

⁷ PUC Order, GPA Docket 10-05, dated October 29, 2010, at pg. 1.

⁸ PUC Order, GPA Docket 15-22, Application of the Guam Power Authority for Approval of an Award of a Performance Management Contract (PMC) for the Combustion Turbine Power Plants, dated January 25, 2016.

⁹ Materials for GPA Work Session on September 22, 2016, Proposed Resolution 2016-49, Relative to Seeking PUC Approval for the Cabras 1 Overhaul; Proposed Resolution 2016-50, Relative to Approving Material Procurement for Cabras 1 Overhaul; and Proposed Resolution 2016-51, Relative to Seeking PUC Approval for the Diesel Overhaul.

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, and 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 Commission **HEREBY ORDERS** that:

1. The GPA FY2017 internally funded CIP ceiling cap, which consists of General Plant, is approved in the amount of \$18,798,120.
2. The General Plant budget is consistent with prior budgets and appears reasonable; no prudence concerns are noted.
3. GPA shall file a complete reconciliation of the FY2017 expenditures on or before December 15, 2016, as required by the Contract Review Protocol.
4. Before GPA expends amounts for the three major plant overhauls included in the CIP cap, GPA must obtain prior approval from the PUC for such expenditures.
5. 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 Public Utilities Commission.

Order
The Request of GPA to
Approve FY2017 CIP Ceiling Cap
GPA Docket 16-13
September 29, 2016

Dated this 29th day of September, 2016.

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