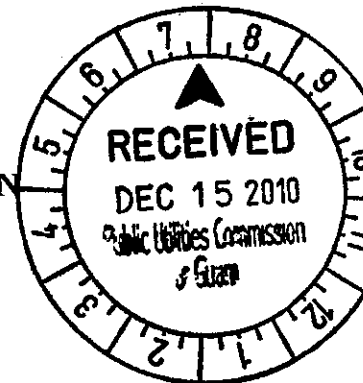


BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



In the Matter of:)
The Application of the Guam Power Authority to) GPA Docket 10-04
Exercise Financing Options under the PMC with)
TEMES for the Boiler Tube Overhaul of Cabras)
Unit 2)

DECISION AND ORDER

This matter comes before Guam Public Utilities Commission [PUC] upon GPA’s Petition for PUC approval of GPA’s request to exercise financing options under the Performance Management Contract [PMC] between GPA and Taiwan Electrical Mechanical Engineering Services [TEMES] for the Boiler Tube Overhaul of Cabras Unit 2.¹ On September 15, 2010, the PUC approved the Performance Management Contract for Cabras Unit 1 & 2 between GPA and TEMES.²

The PMC which GPA presently has in place with TEMES allows GPA to request that the Performance Management Contractor provide financing for improvements relative to the Cabras Units. GPA has now requested PUC approval to borrow funds from TEMES in the principal amount of \$1,497,000.00 for the Boiler Tube Overhaul of Cabras Unit 2.³ A major overhaul of the boiler system is necessary to increase operational efficiencies and to bring the unit to its full capacity; the PMC will perform various tests on the tubes and take counter measures to prevent tube failures; it will also replace various tubes and related equipment.⁴

The proposed financing agreement between GPA and TEMES provides that the sum financed would be repaid at an interest rate of 5% over an 18 month repayment period.⁵ Inclusive of interest, the total payments due TEMES are \$1,556,954.28, with monthly payments of approximately \$86,497.46.⁶ GPA’s Petition establishes that the Boiler Tube Overhaul is necessary to minimize outages for the Cabras Plant. These operations and maintenance activities are in the best interest of the Authority.⁷

¹ GPA application to exercise financing options under the PMC with TEMES for the Boiler Tube Overhaul of Cabras Unit 2 filed November 19, GPA Docket 10-04, filed November 19, 2010.

² See Order GPA Docket 10-04 issued September 15, 2010.

³ GPA application to exercise financing options under the PMC with TEMES for the Tube Overhaul of Cabras Unit 2, *supra* P.1

⁴ *Id.*

⁵ GPA Application to exercise Financing Options under the PMC with TEMES for the Boiler Tube Overhaul Cabras Unit 2, GPA Docket 10-04 ¶.1


⁶ Exhibit A *supra* at ¶.3

⁷ Petition, *supra* at ¶.2; CCU Resolution No. 2010-64, *supra* at ¶.1

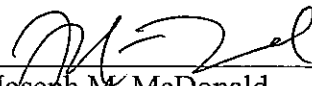
After careful consideration of the record herein, the Petition of GPA and the annexed Exhibits, and the PUC Counsel Report, for good cause shown and on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. GPA's November 19, 2010 Petition seeking to exercise financing options under the PMC with TEMES is hereby approved; the Boiler Tube Overhaul for Cabras Unit 2 is necessary to improve generation reliability and to minimize outages.
2. GPA is authorized to borrow funds from TEMES in FY2011 for a total principal amount of \$1,497,000 for the Cabras Unit 2 Boiler Tube Overhaul.
3. The financing agreement proposed by GPA has terms that are beneficial and favorable to it, including an 18-month repayment provision at an interest rate of 5%.
4. The TEMES financing agreement provides an attractive source of short term capital for GPA.
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 §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.


Dated this 15th day of December 2010.




Jeffrey C. Johnson
Chairman



Joseph M. McDonald
Commissioner



Filomena M. Cantoria
Commissioner



Rowena E. Perez
Commissioner

Michael A. Pangelinan
Commissioner