

GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
October 26, 2017
Suite 202, GCIC BUILDING, HAGATNA



MINUTES

The Guam Public Utilities Commission [PUC] conducted a regular meeting commencing at 6:35 p.m. on October 26, 2017, pursuant to due and lawful notice. Commissioners Johnson, Cantoria, McDonald, Pangelinan, Montinola, and Niven were in attendance. The following matters were considered at the meeting under the agenda made *Attachment "A"* hereto.

1. Approval of Minutes

The Chairman announced that the first item of business on the agenda was approval of the minutes of September 28, 2017. Upon motion duly made, seconded and unanimously carried, the Commission approved the minutes subject to correction.

2. Guam Waterworks Authority

The Chairman announced that the next item of business on the agenda was GWA Docket 18-01, Petition for Approval of 7th Amendment to the PMO Contract with Brown & Caldwell. ALJ Alcantara requested that the Commission table this matter until next month, as the documents submitted by GWA are still being examined. The Chairman concurred.

3. Port Authority of Guam

The Chairman indicated that the next item of business was PAG Docket 18-01, Approval of the Insurance Contract with AM Insurance, ALJ Report, and Proposed Order. The ALJ indicated that this matter concerned PAG's October 12, 2017 Request for Approval of its contract for insurance with AM Insurance. GSA publically announced IFB 20-17 in the Pacific Daily News on September 6, 2017. That IFB sought sealed bids for property insurance, liability insurance, directors' and officers' liability insurance, auto insurance, and crime insurance. AM Insurance submitted the sole bid. PAG requested that the PUC approve PAG's purchase of insurance as itemized in the IFB on the basis that such insurance safeguards the PAG's assets from all risks, including natural disasters or catastrophic events, as well as coverage for any liability resulting from PAG's operation.

PAG specifically seeks approval to contract with AM for the following coverages: property insurance, liability insurance, directors and officer liability insurance, crime insurance, and automobile insurance for a 5-year annual premium of \$2,372,189. The annual premium will provide the following coverages: \$55M in property insurance,

\$50M for liability insurance coverage, between \$2M to \$5M in director and officers' liability insurance coverage, \$2M auto insurance, and \$1M in crime insurance coverage. For comparison purposes, the total cost for PAG annual insurance in 2013 was \$1.9M per year.

PAG's Board of Directors ratified the award to AM on September 26, 2017. Their Resolution No. 2017-21 includes the award for insurance to AM. The Resolution authorizes the contract term of five years and expressly authorizes the amount of \$2,372,181.47 for the cost of the annual premium. Based on the documentation provided, the ALJ agrees that the insurance safeguards PAG's assets from all risks. The PUC has historically highlighted that retaining insurance benefits ratepayers by protecting PAG assets. The ALJ recommends that the PUC approve PAG's contract for insurance with AM for the coverage indicated in the petition, at an annual payment cost of \$2.3M.

Commissioner Montinola asked the ALJ whether the cost was \$2.375M for five years, or per year. The ALJ indicated that it was the cost per year. Commissioner Cantoria asked whether the increase from 2013 to the new amount was because of increased coverage or an increase in price. Mr. Al Duenas, CFO of PAG, indicated that it was a combination of both. The PAG acquired new assets and the Port expanded. There is a built in inflationary cost too.

General Manager Brown indicated that there is a \$15M expansion to the Port. Additional acreage needs to be covered. There has been an increase of both land and assets such as buildings, resources and equipment. Now, four years later, PAG is undertaking the largest expansion and upgrade to the Port in the last 15 years. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the five year insurance contract between PAG and AM Insurance at an annual premium cost of \$2.325M, and adopted the Order made *Attachment "B"* hereto.

4. Guam Power Authority

The Chairman announced that the next item of business on the agenda was GPA Docket 18-01, Petition to Approve the Procurement of Residual Fuel Oil No. 6 for the Baseload Power Generating Plants, PUC Counsel Report, and Proposed Order. Counsel indicated that GPA was requesting that the PUC approve GPA's procurement for residual fuel oil No. 6 for the baseload generating plants. The current RFO contract with Hyundai Corp. expires on August 31, 2018. Although it is early for GPA to seek procurement, it legitimately points out that there have been recent procurement protests. By planning properly, GPA wishes to allow enough time to be able to procure the RFO.

The PUC approved the prior contract with Hyundai Corp. in 2013; subsequently three 1-year extensions were exercised. That is why the contract now will expire on August 31, 2018. RFO usage by GPA has actually decreased somewhat. Exhibit A to the

Counsel Report indicates that, over the past three years, usage has declined from 2.6M barrels in FY2015 to 2.1M barrels in FY2017. The reason for the decrease in RFO is likely an increase in the use of diesel fuel. This was another result from the Cabras No. 3 & 4 explosion. Since the explosion, GPA has had to rely more upon diesel fuel. The total cost for RFO per year is roughly \$121M. The contract for RFO is one of the largest, if not the largest, contract in the Government of Guam.

GPA attached to its Petition a copy of its proposed contract for the awardee selected in the procurement. The proposed contract would be for three years, with options for two additional 1-year terms. Under the proposed contract, the RFO requirement would be approximately the 2M barrels per year. The contract itself is standard. It contains the normal formula for determining price, which is the bid reference price and the contractor's fixed premium fee. The contract provisions are standard. On a number of previous occasions, the Commission has held that RFO No. 6 is definitely needed for the baseload power plants, and is essential to the operation of those plants. Therefore, Counsel recommends approval of the proposed procurement, as GPA needs to procure this RFO. Upon motion duly made, seconded and unanimously carried, the Commissioners approved GPA's request to procure RFO, and adopted the Order made *Attachment "C"* hereto.

5. Administrative Matters

The Chairman indicated that the first administrative matter was PUC Counsel's request for increase in consultant hourly fees. Counsel indicated that since 2011, the standard hourly fee for PUC consultants, legal counsel, and administrative law judges has been \$175 per hour. In 2011, it had been increased from \$150 per hour to \$175 per hour. The main reason for the proposed increase is that the cost of everything has gone up, whether for employees, rent, and business operation costs. \$200 would be more in line with standard fees that are charged today.

For attorneys, although fees vary from firm to firm, Counsel estimates that a standard attorney's fee charge is \$240 per hour. On occasion the PUC has had hourly fee issues with off-island consultants. Some will not work for the standard hourly fee of \$175, but often request fees in excess of \$200 per hour. \$200 per hour will make the PUC more competitive, particularly since, next year, in February, PUC will have to go out to procure six or seven consultants. All of the consultant contracts of PUC will be up for new procurements. That includes water, power, PAG, telecom and solid waste. In general, PUC consulting cost has decreased. The cost for professional administrative fees for the PUC for FY2017 decreased from about \$220,000 to \$150,000 per year.

Overall, professional regulatory and administrative expenses for the PUC have decreased. Such fees declined from \$988,382 in FY2015 to \$699,572 in FY2016 a reduction of 29.22%. That was the lowest amount of professional fees since 2011. Counsel believes that, even with the hourly increase, he does not anticipate that the overall total cost of administrative and regulatory professional fees will increase. Since

a program of decreasing the use of off island consultants was implemented in the last few years, there has been a substantial reduction in consulting fees.

Chairman Johnson indicated that over the past several years, PUC has worked to do more work internally. It shows in the yearly expenses; there have been good improvements year over year in expenses, probably a rare thing. The Chairman believes that its legal consultants are worth the requested increase. There will be a need for a competitive rate if the PUC is going out for consultant procurements soon next year. Commissioner Niven agreed with the Chairman, but asked who would be covered by this fee increase.

Counsel indicated that all consultants would be covered. The only consultant that has been charging more is Daymark; other consultants have been working at \$175 per hour. Commissioner Pangelinan asked whether there was a need for contract amendments. Counsel indicated that in 2011, the contracts were not amended; the Commissioners approved the increase through a motion. Commissioner Pangelinan asked whether the contracts included rates. Counsel indicated that it did. Counsel indicated that the fee increase would be across the board, just as the previous increase in 2011.

The Chairman asked when the consultant RFPs would be sent out for the next five years. Counsel was not sure, but he thought it would probably be in February 2018. Commissioner Pangelinan felt that it would be better to do one page amendments to the Contracts, indicating the rate increase. He agreed that the increase was warranted. He moved to amend the contracts for the consultants to increase the rate from \$175 to \$200. Upon motion duly made, seconded and unanimously adopted, the Commissioners approved an hourly increase for all PUC consultants from \$175 per hour to \$200 per hour, and requested contract amendments for each consultant including the hourly rate increase.

The Chairman indicated that, ten years ago the PUC total regulatory and administrative costs were in the one and one half million dollar range. That has been cut in half over a period of time. The Chairman indicated that the legal consultants have helped with this.

The Chairman announced that the next administrative matter before the Commission was the Proposed New Consultant Billing Protocol. Counsel indicated that with billings for work done by consultants, the consultants currently submit those billings to Administrator Palomo. She establishes a different invoice number, for the PUC, and then sends the billing to the utilities for payment. The protocol proposed by Counsel will assist the Administrator and bookkeeper George Kim. They spend considerable time working on these invoices. The procedure proposed by Counsel will reduce some of the administrative work presently required, and expedite billings.

According to Counsel, Commissioner Perez had previously felt that the utilities and telecom companies should not pay the consultants directly. This was a legitimate

concern, as the Commission would lose at least some control over these regulatory payments by not being able to review and approve them. The present proposal is different; it would provide that all consultants directly bill the utilities and telecom companies with a copy to the PUC, but the payments from the utility would still be made to the PUC, just as now. They would be deposited in the PUC account, and the PUC would then issue the payments out to the consultants. The proposed protocol addresses Commissioner Perez' concern. This proposed protocol will help to speed up the billing process and be an administrative benefit to the Administrator.

The Chairman asked if the PUC would be checking the billing once instead of twice. Commissioner McDonald concurred. Now the PUC checks the billings both at the front end and at the back end when the checks are written and sent out. Commissioner Montinola asked when the invoices come to the PUC, is there any kind of audit process that the Administrator does. The Chairman indicated there was not. Commissioner Montinola asked whether it was just packaging and sending the billings out. Commissioner McDonald again concurred.

Commissioner Montinola indicated that there was not being any removal of an auditing process. Counsel indicated that was correct. The Chairman agreed that there was just busy work. Commissioner Niven asked if the utilities would have a problem with recordkeeping by getting an invoice from the consultant but then writing a check back to the PUC. Counsel did not believe there would be a problem. The Chairman asked whether a PUC standard form for billing should be generated for the consultants. Counsel indicated that consultants are required to place the PUC docket number on their billings. The proposed General Order indicates that each consultant would indicate the docket number on the billing for the particular utility. That should be all that the utility needs. There is a billing contacts list for each utility with email addresses, so that the consultants can send their bill electronically.

Commissioner Montinola asked whether there was feedback from the consultants. Counsel indicated that he had not checked with them, but believed they would like the new procedure. There had been a number of complaints from consultants concerning the time it takes to be paid. Commissioner Montinola indicated that the consultants would have to track the billings from their own end. Commissioner Montinola agreed that with the present billing system, there could be uncertainty when the invoices were sent out. Counsel indicated this was a problem in the past. This process will cut out some of those issues.

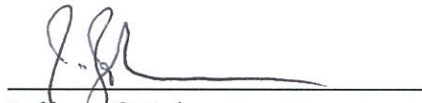
Commissioner Pangelinan asked what the most time-consuming aspect of the current system was. Counsel indicated that, with some dockets, there was more than one consultant billing; an outside consultant and Counsel could work on a single docket. The Administrator is then required to take bills from different consultants and put them on the same invoice. The Chairman indicated that the administrator had to wait for other bills to come in before she submits all of the bills in a particular docket to the

utility. Commissioner Montinola indicated that the PUC would be tracking the billing initially rather than logging it in. Commissioner Montinola agreed that this new protocol was saving a step and making it more productive.

Commissioner Cantoria had a question as to whether PUC was picking up the job of collecting money for the consultants. Counsel indicated this process would be speeded up if the consultants can directly deal with the billing people at the utilities. The consultants know what's in the bills and how much they are. If the consultants can directly contract the billing people at the agency, that would help expedite payments. Commissioner Montinola indicated this protocol could be tried out, and if necessary the PUC could revert back to the old protocol later.

Commissioner Cantoria asked whether PUC approval of the increased rates would have to be conveyed to the utilities. Counsel indicated that it would. Upon motion duly made, seconded and unanimously carried, the Commissioners approved the new billing protocol, and adopted the General Order 18-01.

There being no further administrative matters or business, the Commissioners moved to adjourn the meeting.



Jeffrey C. Johnson
Chairman

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION
REGULAR MEETING
SUITE 202, GCIC BUILDING
414 W. SOLEDAD AVE., HAGATNA, GUAM
6:30 p.m., October 26, 2017**

Agenda

- 1. Approval of Minutes of September 28, 2017**
- 2. Port Authority of Guam**
 - **PAG Docket 18-01, Approval of Insurance Contract with AM Insurance, ALJ Report, and Proposed Order**
- 3. Guam Waterworks Authority**
 - **GWA Docket 18-01, Petition for Approval of 7th Amendment to PMO Contract with Brown & Caldwell, ALJ Report, and Proposed Order**
- 4. Guam Power Authority**
 - **GPA Docket 18-01, Petition to Approve the Procurement of Residual Fuel Oil No. 6 for the Baseload Power Generating Plants, PUC Counsel Report, and Proposed Order**
- 5. Administrative Matters**
 - **PUC Counsel Request for Increase in Consultant Hourly Fee**
 - **Proposed New Consultant Billing Protocol**
- 6. Other Business**

ATTACHMENT A



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN RE:	REQUEST BY THE PORT)	PAG DOCKET 18-01
	AUTHORITY OF GUAM FOR)	
	FOR APPROVAL OF)	ORDER
	CONTRACT FOR INSURANCE)	
	_____)	

INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the October 12, 2017 Petition for Approval of Bid Award for Insurance Coverage (hereinafter referred to as the “Petition”), filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam (“PAG”). PAG seeks PUC approval of its contract for insurance with AM Insurance (“AM”).

On October 24, 2017, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

DETERMINATIONS

On September 6, 2017, the General Services Agency of the Government of Guam (“GSA”) publicly announced Invitation for Bid No. GSA/PAG 020-17 (“IFB GSA/PAG 020-17”) in the Pacific Daily News,¹ which sought sealed bids for property insurance, liability insurance, directors and officers liability insurance, automobile insurance, and crime insurance. Invitation for Bid No. GSA/PAG 020-17, p. 36.

¹ Petition for Review and Approval for Bid Award for Insurance Coverage (“Petition”), p. 1 (Oct. 12, 2017).

On September 21, 2017, GSA held a bid opening.² Thereafter, GSA transmitted a copy of the sole submission by AM to PAG's Risk Consultant for its review.³ PAG then selected bids for the list of coverage for five-year terms. On September 26, 2017, PAG's Board of Directors ratified the award to AM, approving the bid amounts indicated for each coverage type. PAG represents that the Board of Directors intends to issue Resolution No. 2017-21 on October 25, 2017, which will formally approve GSA's award to AM at an annual premium amount of \$2,372,181.47.

1. PAG's Petition

In the Petition, PAG requested that the PUC approve PAG's purchase of property insurance, as well as other types of insurance, itemized in IFB GSA/PAG 020-17 on the basis that such insurance serves "as safeguards to all of PAG's assets from all risk, including natural disasters or catastrophic events, as well as, coverage for any liabilities resulting from PAG's operations."⁴ Furthermore, PAG maintained that such insurance coverage "is instrumental to PAG's compliance to the existing loan conditions."⁵ PAG specifically sought approval to contract with AM for the following coverage: Property Insurance, Liability Insurance, Directors and Officer Liability Insurance, Crime Insurance, and Automobile Insurance; for a five-year annual premium cost of \$2,372,181.47.

2. Proposed Insurance Coverage

In the Petition, PAG sought approval for the following five-year premiums: (1) \$55 million Property Insurance for \$2,004,787.00, with a \$1,000,000 deductible for typhoon,

² Petition, p. 1.

³ Petition, p. 1.

⁴ Petition, p. 1.

⁵ Petition, p. 2.

earthquake, and flood, and a \$50,000 deductible for all other peril; (2) \$50 million Liability Insurance for \$283,560.00, with a \$15,000 deductible; (3) \$2-\$5 million Directors and Officers Liability Insurance for \$55,575.00, with a \$10,000 deductible for any one claim, and \$75,000 deductible for employment practice liability claims; (4) \$2 million Automobile Insurance for \$15,908.47, with a \$1,000 deductible; and (5) \$1,000,000 Crime Insurance for \$12,351.00, with a \$10,000 deductible. In Fiscal Year 2013, the total cost for PAG's annual insurance premiums was \$1,957,484.75 per year.

3. PAG's Contract Review Protocol

Pursuant to 12 G.C.A. §12105,⁶ PAG may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC's express approval. Additionally, pursuant to PAG's current Contract Review Protocol, "[a]ll internally financed contracts utilizing O&M funds in excess of \$1,000,000" and "[a]ll capital items by account group utilizing O&M funds, which in any year exceed \$1,000,000"; and "[a]ny contract or obligation not specifically referenced above which exceeds \$1,000,000" "shall require prior PUC approval under 12 G.C.A. Section 12004." Contract Review Protocol, PAG Docket 09-01, p. 1 (June 20, 2011).

4. Board Approval

According to PAG, its Board of Directors ratified the award to AM on September 26, 2017. PAG also submitted that its Board of Directors will issue Resolution No. 2017-21, which draft indicates formal approval of PAG's recommendation to award the contract for insurance coverage to AM. In addition, the draft Resolution authorizes the contract term of five years and expressly authorizes the amount of \$2,372,181.47 for the cost of the annual premium.

⁶ Formerly 12 G.C.A. §12004.

CONCLUSION

Based on the documentation provided, the ALJ agreed with PAG and therefore found that insurance “safeguards” “PAG’s assets from all risks, including natural disasters or catastrophic events, as well as, coverage for any liabilities resulting from PAG’s operations.”⁷ Additionally, the ALJ further found that such insurance coverage “is instrumental to PAG’s compliance to the existing loan conditions.”⁸

Further, this Commission has historically highlighted the importance of maintaining insurance since such insurance benefits ratepayers with regard to the protection of assets by assisting with recovery efforts after natural disasters such as typhoons, earthquakes, or other calamities.

Accordingly, based on the record before the Commission, and for the reasons set forth therein, the ALJ recommended that the PUC approve PAG’s contract for insurance with AM for coverage indicated in the Petition, and for an annual premium cost of \$2,372,181.47. The Commission hereby adopts the findings made in the October 24, 2017 ALJ Report, and therefore, issues the following:

ORDERING PROVISIONS

Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:


⁷ See Petition, p. 1.

⁸ See Petition, p. 2.

1. PAG's petition is hereby APPROVED; PAG's contract for Insurance with AM Insurance is hereby APPROVED for coverage indicated in the Petition, at an annual premium cost of \$2,372,181.47.

2. PAG is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

SO ORDERED this 26th day of October, 2017.



JEFFREY C. JOHNSON
Chairman

ROWENA E. PEREZ
Commissioner

JOSEPH M. MCDONALD
Commissioner

FILOMENA M. CANTORIA
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner

ANDREW L. NIVEN
Commissioner

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)

GPA DOCKET 18-01)

THE APPLICATION OF THE GUAM)

POWER AUTHORITY TO APPROVE)

ORDER)

THE PROCUREMENT OF RESIDUAL)

FUEL OIL NO. 6 FOR THE BASELOAD)

POWER GENERATING PLANTS)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Power Authority [“GPA”] for Approval of the Procurement of Residual Fuel Oil No. 6 for the Baseload Power Generating Plants.¹

BACKGROUND

2. GPA’s current contract for Residual Fuel Oil (RFO) with Hyundai Corporation will expire on August 31, 2018.²
3. On July 30, 2013, the PUC approved the Residual Fuel Oil No. 6 Supply Contract between GPA and Hyundai Corporation for a period of two years, commencing September 1, 2013 and expiring on August 31, 2015.³
4. The GPA-Hyundai Corporation Supply Contract provided for up to three (3) one (1)-year extension options renewable annually.⁴
5. On March 26, 2015, the PUC authorized GPA to exercise a three (3) year contract extension with Hyundai Corporation.⁵ Thus, GPA was authorized to exercise the three (3) annual 1-year contract extensions at the same time as one three (3) year extension.

¹ GPA Petition to Approve the Procurement of Residual Fuel Oil No. 6 for the Baseload Power Generating Plants, GPA Docket 18-01, filed October 12, 2017.

² Id. at p. 1.

³ PUC Order, GPA Docket 13-10, dated July 30, 2013.

⁴ Id. at p. 2.

⁵ PUC Order, GPA Docket 15-10, dated March 26, 2015 at p. 3.

6. Since the three (3) year extension with Hyundai Corporation will expire on August 31, 2018, GPA prudently seeks to issue an Invitation for Bid for a new Residual Fuel Oil No. 6 Supply Contract.⁶
7. On September 26, 2017, the Guam Consolidated Commission on Utilities authorized GPA to solicit competitive bids for a new Residual Fuel Oil No. 6 Supply Contract through a Multi-Step Bid process, finding that such request was “reasonable, prudent and beneficial to ratepayers.”⁷ GPA was authorized to petition the PUC for approval.⁸
8. PUC Counsel submitted his report herein dated October 18, 2017. The Commission adopts the recommendations contained in the Report.

DETERMINATIONS

9. Attached to CCU Resolution No. 2017-40 is Exhibit A, which indicates GPA RFO Purchases from Hyundai Corporation over the last four years in terms of total barrels purchased, cost per barrel, and total cost for such purchases. A copy thereof is attached to the PUC Counsel Report as Exhibit “A”.⁹
10. Exhibit A indicates that the total barrels purchased annually by GPA from Hyundai Corporation have decreased from 2,616,975 in FY2014 to 2,129,513 barrels in FY2017. The cost per barrel has also decreased to \$56.853 in FY2017, although such cost is higher than the \$41.185 per barrel in FY2016.¹⁰
11. The total cost for RFO purchased by GPA from Hyundai Corporation in FY2017 was \$121,068,369.00.¹¹

⁶ Guam Consolidated Commission on Utilities Resolution No. 2017-40, Authorizing the Management of the Guam Power Authority to Proceed with the Procurement of a Residual Fuel Oil No. 6 Supplier for the Baseload Power Generating Plants, adopted on September 26, 2017, at p. 1.

⁷ Id. at pgs 1-2.

⁸ Id.

⁹ Exhibit A.

¹⁰ Id.

¹¹ Id.

12. From information provided in other dockets, the Commission is aware that, while GPA's purchases of RFO are decreasing, its purchases of diesel fuel/ultra-low sulfur diesel are increasing substantially.¹²
13. GPA has also attached a copy of its proposed Contract for the procurement as Exhibit "B" to its Petition. The contract term would be for three (3) years, from September 1, 2018 through August 31, 2021, with options to extend for two (2) additional one (1) year terms, upon mutual agreement of the parties.¹³
14. GPA estimates that the total RFO requirement is approximately Two Million Barrels per year. (2,000,000 bbls/yr).¹⁴
15. As is common with GPA's fuel oil contracts, the contract price includes the bid reference price plus the contractor's fixed premium fee. The bid reference price is based upon Platt's Singapore Products Assessment for Fuel Oil Cargo's ("HSFO 180 CST").¹⁵
16. The proposed Contract also contains the standard protections which GPA includes in fuel oil contracts, such as substantial performance and payment bond requirements, indemnity provisions, and protections against non-performance by Contractor (i.e. the ability to secure fuel oil from other sources).
17. The PUC has repeatedly determined that there is a clear need for RFO No. 6 for the Baseload Power Plants; such fuel is essential to the operation of the Baseload Power Plants.¹⁶

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, the PUC Legal Counsel Report, and for good cause shown, on motion duly made, seconded and carried by the

¹² PUC Order, GPA Docket 17-18, In the Matter of: The Application of the Guam Power Authority for Approving the Procurement for Supply of Diesel Fuel Oil to GPA, dated September 28, 2017 ("As a result of the Cabras 3 & 4 explosion in August 2015, GPA's consumption of diesel fuel has greatly exceeded (by 380%) the amounts that were anticipated under the existing contract."), at p. 2.

¹³ Exhibit B, Invitation for Multi-Step Bid, Supply of Residual Fuel Oil No. 6: Vol. II, CONTRACT, at Section 3.

¹⁴ Id. at Section 2.

¹⁵ Id. at Section 4.

¹⁶ PUC Order, GPA Docket 12-09, dated July 30, 2012, at p. 3; PUC Order, GPA Docket 15-10, dated March 26, 2015, at p. 3.

affirmative vote of the undersigned Commissioners, the Commission hereby **ORDERS** that:

1. The October 12, 2017, Petition of GPA for Approval of the Procurement of Residual Fuel Oil No. 6 for the Baseload Generating Plants is hereby approved.
2. GPA has demonstrated a clear need for Residual Fuel Oil No. 6 for the Baseload Power Plants, as such fuel is essential to the operation of the plants. It is reasonable, prudent and necessary for GPA to proceed with the procurement for the supply of such residual fuel oil.
3. Once a final contract for supply of residual fuel oil has been negotiated, GPA should submit such contract to the PUC for final review and approval.
4. 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.

Dated this 26th day of October, 2017.

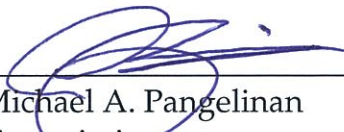


Jeffrey C. Johnson
Chairman


Rowena E. Perez
Commissioner




Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner

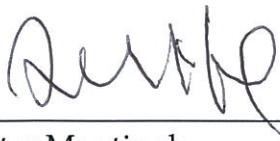


Filomena M. Cantoria
Commissioner



Andrew L. Niven
Commissioner

Order
Approval of Procurement
for Residual Fuel Oil No. 6
GPA Docket 18-01
October 26, 2017

A handwritten signature in black ink, appearing to read "Peter Montinola", written over a horizontal line.

Peter Montinola
Commissioner

**PUBLIC UTILITIES COMMISSION
OF GUAM**



Jeffrey C. Johnson
Chairman

Suite 207, GCIC Building
Post Office Box 862
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Joephet R. Alcantara
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Frederick J. Horecky
Administrative Law Judge/Legal Counsel

Lourdes R. Palomo
Administrator

October 12, 2017

Commissioners
The Guam Public Utilities Commission
Suite 207
GCIC Building
Hagatna, Guam 96932

Re: Request for Increase in Hourly Fee for PUC Consultants (including Legal Counsel, Administrative Law Judges, and Utility/Telecom Consultants).

Dear Commissioners:

For a number of reasons, I am requesting that the Commissioners increase the hourly rate for all PUC Consultants from \$175.00 per hour to \$200.00 per hour. There are many factors that justify such an increase.

The last increase in the hourly fee for consultants was over 6 years ago, in September 2011. At that time, the hourly rate was increased from \$150.00 to \$175.00 per hour.

Consultant business operating costs have increased considerably since 2011. The cost of most goods and services has increased since that time.

Some of the off-island PUC Consultants have indicated that they charge services at a rate of over \$200 per hour, and will not render services for the existing PUC hourly rate of \$175. Since the PUC will be going out for bid on at least six consultant procurements next year, it should offer a competitive rate.

For legal related services, the present hourly rate is far below the average rate in the community, which is around \$240 per hour.

Professional fees for PUC administrative costs have decreased from over \$220,000 per year down to an estimated expense of \$150,000.00 for FY2017.

Overall, including regulatory and administrative professional fees, such fees declined from \$988,382 in FY2015 to \$699,572 in FY2016, a reduction of 29.22%. The level of professional fees in FY 2016 was the lowest since FY2011.

The requested hourly increase for professional fees should not have a measurable impact upon the expenses of the PUC. I do not believe that a higher hourly fee for consultants will increase the overall expense of the PUC for professional fees. The effort to reduce the volume of professional fees is ongoing.

Thank you for your consideration of this request, and please let me know if you have any questions in this regards.

Sincerely,


Frederick J. Horecky
PUC Legal Counsel



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

REGULATORY FEES – BILLING

PROTOCOL FOR PUC CONSULTANTS)

AND REGULATED ENTITIES

GENERAL ORDER NO. 18-01

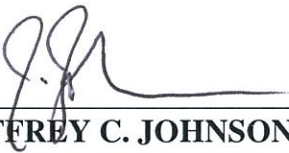
Previously, PUC consultants/staff (including Administrative Law Judge and Legal Counsel) have provided their billings to the Guam Public Utilities Commission (“PUC”) for services rendered to regulated utilities and telecommunications companies (hereinafter “utilities”, “regulated utilities”, or “regulated entities”). PUC then forwarded such billings to the utilities and also processed payments from the utilities. This Protocol is designed to expedite payment of billings owed to Consultants of the PUC, and to relieve the PUC of the administrative burden of transmitting consultant billings to the regulated entities, by instituting a system of direct billing.

The following protocol is adopted by the PUC to accomplish the foregoing purposes:

1. Henceforth, each and every consultant of the PUC will be responsible for directly submitting its own billings [for regulatory services performed] to the regulated utility. For purposes of this Protocol, “PUC Consultants” shall also include Administrative Law Judges and Legal Counsel.
2. Each consultant shall directly submit, on at least a monthly basis, its billings for services rendered to the appropriate utility. Billings shall be transmitted electronically to the utilities at the email addresses indicated in **PUC Billing Contacts**, attached hereto.
3. When a consultant submits its billing to a regulated utility, it must, without fail, also submit a copy of said billing to the Guam Public Utilities Commission at the following email address: lpalomo@guampuc.com
4. Each billing of a consultant **must** contain the docket number for which services are being billed: i.e. GPA Docket 18-01, GWA Docket 17-03, PAG Docket 16-01, etc. Inclusion of the docket number is required because the regulated entities pay billings based upon services billed in each particular regulatory docket.
5. Each regulated entity will make payments for the PUC Consultant Billings to the Guam Public Utilities Commission [in the name of the Commission], with a copy of the billing statement attached.

6. Upon receipt of payments from the regulated entities, the PUC Administrator will deposit such payments in the PUC Regulatory Account. The PUC Administrator will then prepare PUC checks to the appropriate Consultant for such billing.
7. Upon execution of the PUC check by at least two Commissioners, the PUC Administrator will disperse the payments to the Consultant.
8. Should a regulated utility not make payment for a billing to a Consultant within sixty days of submission, the PUC Administrator will assist the Consultant in collecting such payment(s).
9. Any billing disputes by regulated utilities or telecommunications companies shall continue to be governed by PUC General Order No. 09-02.

SO ORDERED this 26th day of October, 2017.



JEFFREY C. JOHNSON
Chairman


ROWENA E. PEREZ
Commissioner



JOSEPH M. McDONALD
Commissioner




MICHAEL A. PANGELINAN
Commissioner



FILOMENA M. CANTORIA
Commissioner



PETER MONTINOLA
Commissioner



ANDREW L. NIVEN
Commissioner

PUC BILLING CONTACTS

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