

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)
) GPA Docket 12-10
)
The Application of the Guam Power) ORDER
Authority to Approve the FY2013 GPA)
Construction Budget)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission [PUC] upon the Petition of Guam Power Authority for review and approval of GPA’s FY2013 Construction Budget.¹ GPA requests approval of its Construction Budget in the total amount of \$53,467,757, which consists of existing bond funded projects in the amount of \$53,467,757 and noRevenue funded Engineering CIPs.² The FY2013 Construction Budget was approved by the Consolidated Commission on Utilities at its meeting on September 11, 2012.³

BACKGROUND

The PUC has previously held that, under the Contract Review Protocol, GPA is not required to seek “review and approval” from the PUC for its annual construction budget. GPA is only required to **file** a construction budget annually on or before September 15 of each year. The filing is to include the budget for the upcoming fiscal year, estimates for the subsequent two fiscal years, and a description of each CIP contained within the budget and estimates.⁴ Under the Contract Review Protocol, GPA is also required to seek PUC approval for all internally-funded construction or projects that will exceed \$1.5 Million, and all projects funded by debt whether or not the total cost exceeds the \$1.5M threshold.⁵

¹ GPA Petition for Contract Review (Application to Approve the FY2013 GPA Construction Budget), GPA Docket 12-10, filed on September 14, 2012.

² Id. at p. 1.

³ Id.

⁴ PUC Order [Application of GPA to Approve the FY 2012 GPA Construction Budget], GPA Docket 11-11, dated November 7, 2011, at p. 1.

⁵ Id.

GPA's FY2013 Construction Budget does not include any internally funded construction or projects which require approval under the Contract Review Protocol or specific PUC approval. With regard to the existing bond funded projects [the source of which is the 2010 Revenue Bonds] included in the FY2013 Construction Budget, all of these projects have been previously approved by the PUC.⁶

Shaw Consultants International Inc., Consultant to the PUC, filed its Report in this matter on October 25, 2012.⁷ The Report confirms that the PUC has already approved the projects that comprise the \$53.5M Construction Budget for FY2013.⁸ Shaw indicates that GPA should provide detailed information to the PUC on each project included within the Construction Budget, including a description of the project and a justification therefor, a prioritization of all projects, explanation of how financial estimates were developed, impact of the project on service delivery and increased productivity, consideration of alternatives, and costs/benefits.⁹

Shaw notes that the foregoing information has not been provided by GPA as to the revenue funded projects projected for FY2014 and FY2015.¹⁰ Previously, in the Contract Review process, GPA did provide detailed descriptions with financial estimates and cost/benefit analyses, for the bond funded projects included in the FY2013 Budget. However, GPA has not yet provided such information for the internally-funded Revenue Engineering CIPs projected for FY2014 and FY2015. At present GPA is only required to file "estimates for the two subsequent fiscal years."

Prior to PUC approval of the internally funded projects for FY2014 and FY2015, GPA shall be required to file with the PUC the type of information referenced by Shaw and as set forth in the Contract Review Protocol. Such projects include those referenced in the Shaw Report, such as the HarmonX82 to YigoX160 Overhead Line Upgrade, Harmon to Andersen 34.5kV Reconductoring, the Fadian SCADA System, and Substation Automation.

⁶ See PUC Order, GPA Docket 10-01 [Contract Review of GPA 2010 Bond Projects], dated July 27, 2012; PUC Order [GPA's Petition for Review and Approval of Smart Grid Project], dated December 19, 2011; PUC Order, GPA Docket 11-14 [GPA's Petition for Approval to Use Bond Proceeds for the Fadian Office Complex], dated December 19, 2011.

⁷ Shaw Consultants International Inc. Report (Review of FY2013 GPA Construction Budget), GPA Docket 12-10, filed October 25, 2012.

⁸ Id. at p. 2.

⁹ Id. at p. 2-3.

¹⁰ Id. at pgs. 3-5.

No immediate action is required at this time by the PUC to “approve” the three-year construction budget or even the FY2013 construction Budget.

ORDERING PROVISIONS

Upon consideration of the record herein, the Petition of GPA, the Shaw Consultants Report, and for good cause should, upon motion duly made, seconded, and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS that:

1. Approval by the PUC of the FY2013 Construction Budget is not required under the Contract Review Protocol.
2. The projects included in the FY2013 Construction Budget are all externally funded through the 2010 Revenue Bonds; there are no revenue funded Engineering CIPs. With regard to the bond funded projects, all of these projects have been previously approved by the PUC.
3. GPA shall be required to submit the financial information referenced in the Shaw Report and the Contract Review Protocol for each internally funded Engineering CIP included in the FY2014 and FY2015 Construction Budgets (prior to PUC approval). GPA must obtain prior PUC approval for all internally-funded construction or projects included in such budgets that will exceed \$1.5 Million, and for all projects funded by debt whether or not the total cost exceeds the \$1.5M threshold.
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 §§12002(b) and 12024(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 30th day of October, 2012.

Jeffrey C. Johnson
Chairman

Joseph M. McDonald
Commissioner

ORDER
Application of GPA to Approve
FY2013 Construction Budget
GPA Docket 12-10
October 30, 2012

Rowena E. Perez
Commissioner

Filomena M. Cantoria
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner