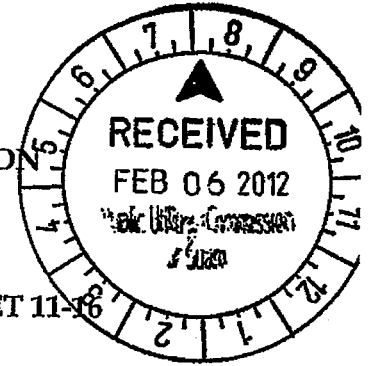


BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



GUAM POWER AUTHORITY
LEVELIZED ENERGY ADJUSTMENT
CLAUSE [LEAC]

GPA DOCKET 11-16

ORDER

In accordance with the protocol established by Guam Public Utilities Commission [PUC] Order dated January 29, 1996, as amended by Order dated March 14, 2002, Guam Power Authority [GPA], by Filing dated December 15, 2011, requested a two-step approach for the establishment of the Levelized Energy Adjustment Clause ["LEAC"] for the six-month period commencing February 1, 2012. The first step proposed by GPA is that the current LEAC factor [\$0.19222 per kWh] for its civilian customers be decreased to \$0.18663 per kWh for meters read on and after February 1, 2012.¹

As a second step, GPA proposes that, on April 1, 2012, the LEAC rate would be increased to \$.018715/kWh (and continuing in effect through the end of the LEAC period, July 31, 2012).² The April 1, 2012 increase would be due to an adjustment made for GPA's civilian customers receiving power at the transmission or primary voltage levels. There appear to be thirteen such customers (including other power providers, large hotels, large consumer government entities, etc.) There is recognition that these customers incur less line losses and should not be charged for the average system-wide line loss, but rather should receive an adjustment to their LEAC rates to more accurately reflect their responsibility for the cost of fuel related to line losses.³

Currently such customers have an adjustment (reduction) of 1% or 2% on the non-fuel portion of their energy charges (base rates as opposed to LEAC rates). Effective April 1, 2012, GPA proposes adjustments for these customers of 3% to 5% of the LEAC charges that are totally fuel-related. GPA proposes delaying implementation of the adjustments to the LEAC factor to coincide with the elimination of the base rate reductions for these customers after the pending base rate case is concluded, currently anticipated to be on or about April 1, 2012.⁴

¹ GPA LEAC Filing, GPA Docket 11-16, filed December 15, 2011.

² Letter from GPA General Manager to PUC Counsel, GPA Docket 11-16, dated December 15, 2011, at p. 1.

³ GCG Report, GPA Docket 11-16, Request for a LEAC Factor Effective February 1, 2012, filed January 23, 2012.

⁴ Id. at p. 1

Order
LEAC, GPA Docket 11-16
February 6, 2012

After conducting a review of GPA's Filing, and engaging in communications with GPA, PUC Regulatory Consultant Georgetown Consulting Group, Inc. [GCG] filed its Report Re: GPA Request for a LEAC Factor Effective February 1, 2012.⁵ GCG recommends that the PUC should rely upon the most recent available information regarding fuel prices to determine the fuel factor for the LEAC.⁶ In its Report, GCG determined that, based upon updated Morgan Stanley fuel price forecasts for both No. 2 and No. 6 oil on January 12, 2012, fuel price projections for the next six month period are higher than the fuel prices originally projected by GPA in its Petition.⁷

GCG indicates that there is an increase in total oil costs for the LEAC period of over \$3.5 million.⁸ GCG also finds that, as a result of the updated fuel prices, fuel handling costs have increased to approximately \$2 million, more than the \$1.1 million net sum indicated in GPA's filing.⁹

GCG's primary difference with GPA is that GCG recommends that the adjustments to the LEAC factor for customers receiving power at the transmission or primary voltage levels should be made effective February 1, 2012, rather than on April 1, 2012 (as recommended by GPA).¹⁰ GCG's contention is based upon the argument that "the transmission and primary voltage customers have been subsidizing the remainder of customers for years." Such a LEAC adjustment would "provide a closer match to the costs of service for these large entities to reflect less line loss."¹¹

Based upon its review and updating of the LEAC calculations, GCG recommends that a LEAC factor charge of \$0.19231 for Secondary voltage customers at 13.8Kv be ordered effective February 1, 2012, with certain transmission level LEAC factors to be set for the transmission and primary voltage customers, also effective February 1, 2012.¹²

The PUC concurs with GCG that the latest, updated fuel information should be used to determine the appropriate LEAC factor for the upcoming LEAC period. However, PUC adopts GPA's position that the adjustment LEAC factors for transmission and primary voltage customers should not be effective until April 1,

⁵ Id.

⁶ Id. at p. 2.

⁷ Id. at pgs. 5-7.

⁸ Id. at p. 3

⁹ Id. at p. 7.

¹⁰ Id. at p. 2 and 10.

¹¹ Id. at p. 2.

¹² Id. at p. 10-11.

Order
LEAC, GPA Docket 11-16
February 6, 2012

2012. While both parties agree that the establishment of transmission level LEAC Factors is desirable, there have not presently been any amendments to Tariff Z to implement such factors. Tariff Z should be formally amended and approved by the PUC before these adjustments are included in LEAC. In addition, it is appropriate to wait to implement these adjustments until the corresponding discounts for such customers are removed from base rates (which are anticipated to be on or about April 1, 2012 in the pending rate case, GPA Docket 11-09).

It is prudent for the PUC to implement such LEAC factors at the same time as other changes which may result in the base case. Piecemeal implementation of such changes is not desirable.

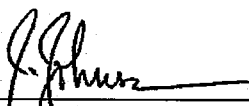
After carefully reviewing the record in this proceeding and the January 23, 2012, Report of GCG, and after discussion at a duly noticed public meeting held on February 6, 2012, for good cause shown and on motion duly made, seconded and carried by affirmative vote of the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS THAT:**

1. A LEAC factor of \$0.19198 per kWh shall be used by GPA for all civilian customer bills, for meters read on and after February 1, 2012, continuing until March 31, 2012, to recover its forecasted fuel and related expenses, in accordance with the GPA Summary of LEAC Calculation attached hereto as Exhibit "A" and the GCG Attachment 1, LEAC February 2012 through July 2012, Price Update As Filed, Corrected without Discount, attached hereto as Exhibit "B". This change reflects a 0.092% decrease in the total bill for a residential customer utilizing an average of 1,000 kilowatt hours per month (\$0.24 per month).
2. Effective April 1, 2012, the following LEAC Factors shall be used by GPA: \$0.19231 per kWh for Distribution level (Secondary-13.8 KV) customers; \$0.18654 for Primary-13.8 KV customers; \$0.18462 for 34.5 KV customers; and \$0.18270 for 115 KV customers. Such LEAC Factors shall continue in effect through July 31, 2012. This change reflects a 0.035% increase in the total bill for a residential customer utilizing an average of 1,000 kilowatt hours per month (\$0.09 per month).
3. GPA shall timely file appropriate amendments to Tariff Z so that the transmission level LEAC factors may be implemented on April 1, 2012.


Order
LEAC, GPA Docket 11-16
February 6, 2012

4. GPA should file its next LEAC adjustment filing on or before June 15, 2012. With its next LEAC filing, GPA shall use actual loss multipliers to determine the appropriate LEAC Factor for each transmission level customer; if the use of actual loss multipliers is not appropriate, GPA shall explain why such use is not appropriate in its filing.
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.

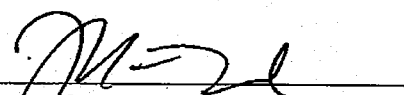
Dated this 6th day of February, 2012.




Jeffrey C. Johnson
Chairman



Rowena E. Perez
Commissioner



Joseph M. McDonald
Commissioner



Michael A. Pangelinan
Commissioner

Filomena M. Cantoria
Commissioner

GPA
Summary of LEAC Calculation

	GCG		
	February 1- 7/31/12	February 1- 7/31/12	April 1- 7/31/12
Cost of Number 6 Oil	\$ 152,467,859	\$ 152,467,859	\$ 102,996,161
Cost of Number 2 Oil	\$ 2,947,217	\$ 2,947,217	\$ 1,880,429
Total Oil Costs	\$ 155,415,076	\$ 155,415,076	\$ 104,876,590
Fuel Handling Costs	\$ 2,006,683	\$ 2,006,683	\$ 1,419,631
Total Fuel Costs	\$ 157,421,759	\$ 157,421,759	\$ 106,296,221
Civilian Allocation	77.49%	77.49%	77.49%
Total LEAC Costs	\$ 121,984,634	\$ 121,984,634	\$ 82,367,937
Beg. Under/(Over) Recovery	\$ (152,632)	\$ (152,632)	\$ (249,129)
Net LEAC Costs	\$ 121,832,002	\$ 121,832,002	\$ 82,118,808
Cost Recovery From Trans. Customers	\$ (5,994,370)	\$ -	\$ (4,018,165)
Total Distribution Costs	\$ 115,837,632	\$ 121,832,002	\$ 78,100,643
Civilian Sales (mWh)	602,336	634,624	406,114
Proposed LEAC Factor (\$/kWh)	\$ 0.19231	\$ 0.19198	\$ 0.19231
Current LEAC Factor	\$ 0.19222	\$ 0.19222	\$ 0.19222
Increase (Decrease) In Factor	\$ 0.00009	\$ (0.00024)	\$ 0.00009
Average Use-Residential (kWh)	1,000.00	1,000.00	1,000.00
Monthly Increase	\$ 0.09	\$ (0.24)	\$ 0.09
Bill At Current Rates	\$ 266.59	\$ 266.59	\$ 266.59
Percent Increase in Total Bill	0.035%	-0.092%	0.035%
Distribution LEAC Factor	\$ 0.19231	\$ 0.19198	\$ 0.19231
Primary = 128 KV	\$ 0.18654	\$ 0.19198	\$ 0.18654
34.5 KV	\$ 0.18492	\$ 0.19198	\$ 0.18492
115 KV	\$ 0.18270	\$ 0.19198	\$ 0.18270

