



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 14-14
The Application of the Guam Power Authority for Approving the Contract with East West Power Guam for Cabras 4 Generator Overhaul.) PUC COUNSEL REPORT

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 Contract with East West Power Guam for the Cabras 4 Generator Overhaul.1

BACKGROUND

- 2. GPA contracted with East West Power Guam for PMC services for Cabras 3&4. The generator of Cabras 4 is in need of overhaul, and the PMC solicited bids for the overhaul, receiving two quotes from the generator manufacturer (Alstom) and the engine manufacturer (Dooik Eng. Co., Ltd.).2
3. On June 3, 2014, the Guam Consolidated Commission on Utilities approved GPA's request to contract for the generator overhaul for Cabras 4 through the PMC, East West Power Guam. The CCU authorized the GPA General Manager to issue a purchase order to the PMC in the amount of \$1,129,589.00 for the Cabras Unit 4 Generator Overhaul.3

ANALYSIS

- 4. The original Equipment Manufacturer [OEM] ABB SPAIN recommends that the Cabras Unit 4 generator have a major overhaul every ten years.4 Though the Cabras 4 generator has been in operation for 17 years, it has not yet had a major overhaul and is overdue.
5. The scope of work for the major overhaul includes inspection of the generator shaft, an insulation test, UT test, hot spot test, DC bus check, re-wedging of the stator if

1 GPA Petition for Contract Review, GPA Docket 14-14, filed June 19, 2014.
2 Id. at p. 1.
3 Id.; See also Guam Consolidated Commission on Utilities Resolution No. 2014-30, adopted June 3, 2014.
4 Id. at p. 1; See also ABB SPAIN Design, Operation and Maintenance Manual Guam, Cabras SSDPS Unit #3, p. 17.

necessary, partial discharge test, polarization index, tangent delta, insulation resistance test on the stator & poles, pulling out of coupling bolts, alignment between engine & generator shaft, jack-up test for bearings load and main bearing & crankpin bearing inspections among other activities.⁵

6. Alstom indicates that prevention maintenance on generators serves to avoid major disturbances or damages which may occur during operating service.⁶ Thus, it appears that the overhaul is necessary to ensure the continuing reliability and availability of the generator.
7. The quotes of the Generator Manufacturer (Alstom) and the Engine Manufacturer (Dooik Eng. Co., Ltd.) are attached to CCU Resolution No. 2014-30. Alstom proposes to do the generator overhaul services for \$718,900.00, and Dooik Eng. Co., Ltd. proposes to do the engine overhaul services for \$410,689.00.⁷
8. Recently GPA discovered cracks to the Cabras 3 rotor shaft. Expensive repairs of approximately \$4.5M were required. The previous issues discovered with regard to the Cabras Unit 3 suggest that the Cabras 4 overhaul is prudent to reduce the risk of operational and catastrophic failures.
9. There is an additional reason for expeditious PUC action on GPA's instant request. Alstom has agreed with GPA that if the Purchase Order is issued to Alstom before the end of June, 2014, there will be cost savings of 1.5% of the cost of the General Overhaul (over \$10k).⁸

RECOMMENDATIONS

10. Counsel recommends that PUC approve GPA's Application to proceed with the contract with East West Power Guam in the amount of \$1,129,589.00 for the generator overhaul of Cabras 4.

⁵ CCU Resolution No. 2014-30 at p. 1.

⁶ Alstom Power, S. A., Recommendations for Service, Monitoring and Overhauls of Synchronous Salient Pole Machines, HTWT600501E, at p. 2.

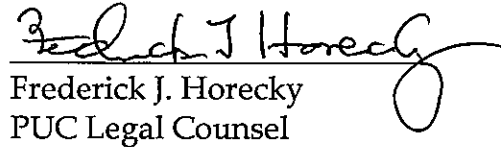
⁷ See Exhibits to CCU Resolution No. 2014-30.

⁸ Letter from Giho Choi, General Manager of EWP, to Melinda R. Camacho, Assistant General Manager re: Request for Reviewing the proposal for Generator Overhaul (Cabras Unit 4), dated May 23, 2014.

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11. However, since GPA intends to pay for the generator overhaul with 2014 bond funds⁹, approval herein should be conditioned upon successful issuance of the 2014 Bonds by GPA and obtaining funds of no less than \$1,129,589.00 for the Cabras 4 Generator Overhaul referenced in GPA's Petition in this Docket.
12. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 24th day of June, 2014.


Frederick J. Horecky
PUC Legal Counsel

⁹ GPA Petition for Contract Review, GPA Docket 14-14, filed June 19, 2014, at p. 1.