



**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: ) GPA Docket 13-14  
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GPA Demand Side Management )  
) **ORDER**  
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**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Letter Report of Guam Power Authority ["GPA"] and Lummus Consultants [PUC Consultant], which recommends that PUC approve the use of funds from the Working Capital Fund ["WCF"] to pay for certain expenses of GPA's Demand Side Management (DSM) Program.<sup>1</sup>
2. The funds withdrawn from the WCF would be placed in a separate GPA fund known as the "Energy Sense" Fund. That Fund would only be used to pay for approved DSM program expenses.<sup>2</sup>
3. The Letter Report of the Parties on Proposed DSM Funding Approach has been filed in this Docket and is incorporated herein by reference.<sup>3</sup>

**BACKGROUND**

4. On February 26, 2015, the PUC ordered that GPA implement four DSM and EE Programs (Central AC, Ductless AC, Washer, and Dryer) no later than July 31, 2015.<sup>4</sup> To date, the programs have not yet been implemented.
5. GPA was also ordered to provide a DSM & EE Plan and Report to the PUC that included additional DSM & EE measures for implementation, and a recommendation for a longer term funding source, no later than August 25, 2015.<sup>5</sup>

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<sup>1</sup> Guam Power Authority and Lummus Consultants Letter Report on Proposed DSM Funding Approach, GPA Docket 13-14, dated August 21, 2015.

<sup>2</sup> Id. at p. 1.

<sup>3</sup> Guam Power Authority and Lummus Consultants Letter Report on Proposed DSM Funding Approach, GPA Docket 13-14, dated August 21, 2015.

<sup>4</sup> PUC Order, GPA Docket 13-14 dated February 26, 2015, at Ordering Provision No. 3, pg. 4.

<sup>5</sup> Id. at pgs.4-5.

6. In the Letter Report, Lummus Consultants and GPA have proposed a temporary funding source for the DSM Program. Previously the Parties had discussed the possibility of funding the DSM Program through a continuation of the Working Capital Fund Surcharge. However, GPA removed the WCF Surcharge as a potential funding source for DSM by recently announcing through a press release that the WCF Surcharge would be “deactivated” on September 30, 2015.<sup>6</sup>
7. The Parties now suggest that the Working Capital Fund may appropriately be used as a temporary, and perhaps a one-time, funding source for DSM. As a result of a reduction in operations and maintenance expenditures by GPA, the balance requirement of the WCF [in accordance with the Bond Indenture], as of October 1, 2015, will be \$26,871,000, when the budget for Fiscal Year 2016 is approved by the CCU for Fiscal Year 2016.<sup>7</sup>
8. However, the total actual balance of the WCF, as of December 31, 2015, will be \$34,878,000. Thus, the Working Capital Fund will have an excess balance of \$8,107,000.<sup>8</sup>
9. The original intended purpose of the WCF Surcharge was to recover from ratepayers the interest and debt service costs of a 2010 Subordinate Bond Issuance used to fill the WCF account to the required level.<sup>9</sup>
10. Although GPA has already ordered the “deactivation” of the WCF Surcharge, when the WCF Surcharge ends on September 30, 2015, GPA will have spent more on Subordinate Bond debt service than it has recovered from ratepayers through the surcharge; i.e., GPA will have “under-recovered” an amount of \$1,806,014. Thus, GPA will not have been fully reimbursed by ratepayers for the costs of the Bond Issuance.<sup>10</sup>
11. Given the anticipated excess in the WCF balance for Fiscal Year 2016, which is the result of a decreased balance requirement, the Parties agree that it is appropriate to withdraw an amount of \$1,806,014 from the WCF to reimburse GPA for the

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<sup>6</sup> GPA Press Release, GPA TO DEACTIVATE SURCHARGES, issued August 1, 2015.

<sup>7</sup> Guam Power Authority and Lummus Consultants Letter Report on Proposed DSM Funding Approach, GPA Docket 13-14, dated August 21, 2015, at p. 1.

<sup>8</sup> See supporting calculations set forth in Attachment A to the Letter Report.

<sup>9</sup> Letter Report, Id., at p. 1.

<sup>10</sup> Supporting calculations are included in Attachment B to the Letter Report.

amounts which have not been previously been reimbursed by ratepayers under the WCF Surcharge.<sup>11</sup>

12. The funds withdrawn from the WCF will be earmarked for the sole purpose of funding DSM Program as set forth herein and subsequently agreed to. The amount of \$1,806,014 should only be used on DSM programs, including those subsequently approved by the Parties, until it is exhausted. Once that amount is exhausted, the Parties will need to agree upon and seek to put into place a further mechanism and source of funding for future DSM activities.<sup>12</sup>
13. The identified funds of \$1,806,014 from the WCF shall be placed by GPA into a separate new account known as “Energy Sense Fund”, which will be used by GPA to support timely funding of direct DSM Program costs. The Energy Sense Fund account will not be used by GPA to fund non-DSM Projects.<sup>13</sup>
14. The Letter Report requires that GPA provide to PUC an annual DSM accounting and reconciliation report. This report will identify Program implementation or reporting modifications that may be necessary for each upcoming program year.<sup>14</sup>
15. Included within the Letter Report are a “Cost Recovery Matrix” [which describes an identified list of DSM or EE cost categories and how each will be recovered, tracked and allocated], and a protocol governing program matters such as monitoring, verification, and reconciliation.<sup>15</sup>
16. On August 25, 2015, the Guam Consolidated Commission on Utilities approved the use of funding for DSM from the Working Capital Fund in the amount of \$1,806,014.<sup>16</sup>

### **DETERMINATIONS**

16. The Attachments supplied by the Parties indicate that GPA will have under-recovered an amount of \$1,806,014 from rate payers through the WCF surcharge.

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<sup>11</sup> Letter Report, Id., at p. 1.

<sup>12</sup> Id at pgs. 1-2.

<sup>13</sup> Id at p. 2.

<sup>14</sup> Id at p. 2.

<sup>15</sup> Id at p. 3.

<sup>16</sup> Guam Consolidated Commission on Utilities Resolution No. 2015-41, Authorizing Management of Guam Power Authority to Provide DSM Funding from the Working Capital Fund, adopted August 25, 2015.

Unless action is taken by the PUC, GPA will under-recover its interest and debt service costs on the proceeds from the 2010 Subordinate Bond Issuance which were used to fill the WCF account.

17. It is appropriate to use funds from the excess in the balance of GPA's Working Capital Fund to reimburse GPA for the shortfall in recovery from ratepayers under the WCF Surcharge for the interest and debt service costs of the 2010 Subordinate Bond Issuance.
18. GPA should be allowed to withdraw the sum of \$1,806,014 from the WCF and to place such amount in the Energy Sense Fund. Such funds shall not be used for any purpose other than the DSM program, and shall only be used for projects and costs which have been approved by the PUC.
19. The recommendations in the Letter Report are reasonable and constitute an appropriate method of carrying out the DSM program. Such recommendations are reasonable and should be approved by the PUC, including the following: the initial funding source for DSM; implementation of the DSM projects; the creation of a new "Energy Sense Fund"; proposed DSM accounting and reconciliation report procedures; the Cost Recovery Matrix, and the Monitoring, Verification and Reconciliation protocols, as well as the other protocols and procedures agreed to.

### **ORDERING PROVISIONS**

After review of the record herein and the Letter Report on Proposed DSM Funding Approach, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission **HEREBY ORDERS** that:

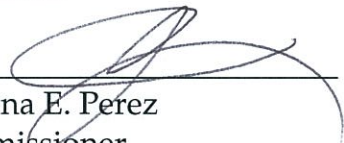
1. GPA is authorized to withdraw a sum of \$1,806,014 from the Working Capital Fund as reimbursement for interest and debt service costs on the 2010 Subordinate Bond Issuance. Said sum was not recovered from ratepayers under the WCF Surcharge.
2. The sum of \$1,806,014 shall be placed in a separate account known as the Energy Sense Fund. Said funds shall only be used by GPA for the DSM Program and projects specifically approved by the PUC, in accordance with the recommendations and protocols set forth in the Letter Report.

3. The recommendations in the Letter Report, including: the initial funding source for DSM; implementation of the DSM projects; the creation of a new "Energy Sense Fund"; proposed DSM accounting and reconciliation report procedures; the Cost Recovery Matrix; the Monitoring, Verification and Reconciliation protocols; and all other protocols and procedures agreed to; are approved.
4. The Parties shall proceed to implement the recommendations contained in the Letter Report. They shall continue to work on and finalize the long term DSM & EE Report mandated by the February 26, 2015, Order.
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 27th day of August, 2015.

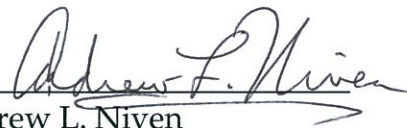
  
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Chairman

  
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Joseph M. McDonald  
Commissioner

  
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Rowena E. Perez  
Commissioner

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Commissioner

  
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Commissioner