



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 15-18
)
The Request of the Guam Power)
Authority to Award the Temporary Power) **ORDER**
Services Contract to Aggreko International)
Projects Limited ("Aggreko").)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Request of the Guam Power Authority ["GPA"] to Award the Temporary Power Services Contract to Aggreko International Projects Limited ("Aggreko").¹

BACKGROUND

2. In its Order, September 24, 2015, the PUC authorized GPA to issue a procurement for temporary generation services.²
3. Due to the loss of 78MW of baseload capacity (as a result of the Cabras No. 3&4 Power Plant explosion and fire on August 31, 2015,), GPA presently has insufficient generation reserves.³
4. GPA received four (4) proposals as the result of its Temporary Power Services Procurement. It has selected Aggreko as the lowest responsible bidder.⁴
5. The specifics of the Contract and Award to Aggreko are set forth in GM Benavente's Presentation in the Sections denominated TEMPORARY POWER

¹ Guam Consolidated Commission on Utilities Resolution No. 2015-56, Authorizing Management of the Guam Power Authority to Award the Temporary Power Services, adopted October 27, 2015. The CCU Resolution serves as the "Request" in this matter due to the expedited nature of these proceedings. Herein, the CCU authorized GPA to petition the PUC to approve the contract with Aggreko International Projects Limited.

² PUC Order, GPA Docket 15-18, dated September 24, 2015 at p. 3.

³ Id. at pgs. 2-3.

⁴ Presentation of GPA GM John Benavente, Guam Power Authority Generation Capacity Alternatives, to the Commissioners of the Guam Consolidated Commission on Utilities on October 27, 2015, attached hereto as "Exhibit 1".

RECOMMENDATION and SERVICE LEASE OF THE 40MW OF TEMPORARY POWER.⁵

6. According to GM Benavente, Aggreko will supply 40 1MW units, which will run on Ultra Low Sulphur Diesel (ULSD), and be located at the Yigo Substation.⁶
7. Costs for the leased power services are estimated to be between \$12.15 and \$12.5M per year.⁷ Cost will depend upon the length of time that Cabras No. 3 is out of service.⁸
8. The leased generation services contract would be in effect for at least one year, with two one year extension options.⁹ Total monthly payments from GPA to Aggreko will be over \$1M.¹⁰ GPA anticipates that the Aggreko plants, which will be manned by six Aggreko personnel, will be operational within sixty (60) days (around January 1, 2016).
9. GPA believes that it will receive \$15M Extra Expense Insurance that will cover the cost of temporary power. It will need to use funds from the Self-Insurance Fund to cover the cost of the temporary power services until it is reimbursed by insurance coverage.¹¹

DETERMINATIONS

10. GPA has justified its need to procure temporary generation services and to award a contract to Aggreko. The complete loss of the 78.6MW in baseload capacity, as a result of the Cabras explosion, has placed GPA in a situation where it cannot meet system demand upon a baseload or large emergency unit outage.¹²
11. When there is an outage of one of the Cabras steam units or more than one unit, GPA will be short approximately 40MW.¹³

⁵ Id at pgs 35-39.

⁶ Presentation of GM Benavente to CCU on October 27, 2015.

⁷ See Guam Power Authority Generation Capacity Alternatives, *Supra*, at p. 40.

⁸ Id.

⁹ Id at p.37.

¹⁰ Id at p.40.

¹¹ Email from GPA Legal Counsel Graham Botha to PUC Counsel Frederick J. Horecky Re: The Temporary Power Proposal, dated October 23, 2015.

¹² Guam Consolidated Commission on Utilities Resolution No. 2015-56, at p.1, adopted October 27, 2015.

¹³ Id.

12. There have been numerous occurrences of load shedding and power outages since the Cabras plant explosion. GPA GM Benavente has estimated that a total of 42 hours of load shedding has occurred since August 31, 2015.¹⁴ More such instances have occurred since October 15, 2015.
13. It is appropriate to allow GPA to utilize the Self-Insurance Fund for the funding of the temporary generation services. The Self-Insurance Program was established for the purpose of providing GPA a mechanism to recover anticipated extraordinary expenses associated with insurable events, including accidents, explosions, and fires.¹⁵
14. However, GPA should be required to reimburse the Self-Insurance Fund when it receives funding for the temporary generation services from its Extra Expense Insurance or other insurance coverage arising from the Cabras explosion.

ORDERING PROVISIONS

After review of the record herein, including GPA's Request to Award Temporary Power Services Contract to Aggreko International Projects Limited, the Guam Power Authority Generation Capacity Alternatives dated October 27, 2015, and the PUC Counsel Report, for good cause shown, on motion duly made, seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission HEREBY ORDERS that:

1. PUC authorizes GPA to award the Temporary Power Services Contract to Aggreko International Projects Limited in an amount not to exceed \$11,781,392 per year, plus an energy conversion charge of \$4.40/MWh.
2. GPA is authorized to withdraw funds from the Self-Insurance Fund to pay the monthly payments due to Aggreko. However, the Self-Insurance Fund must be reimbursed by GPA when it receives extra expense or other insurance from the coverage related to the Cabras No. 3&4 explosion.
3. GPA has presented a draft of a proposed Contract with Aggreko. When the Contract is finalized, GPA shall file such contract with the PUC.

¹⁴ The interview with John Benavente, Guam Post, October 15, 2015.


¹⁵ The Self-Insurance Program Protocols, Protocol 1, Scope.

3. 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 29th day of October, 2015.



Jeffrey C. Johnson
Chairman




Rowena E. Perez
Commissioner

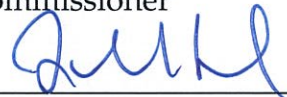


Michael A. Pangelinan
Commissioner

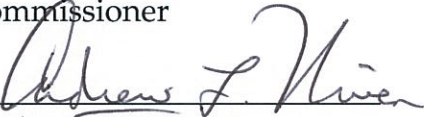
Filomena M. Cantoria
Commissioner



Joseph M. McDonald
Commissioner



Peter Montinola
Commissioner



Andrew L. Niven
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