



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 15-23
)
The Application of the Guam Power)
Authority to Approve the Procurement of) **PUC COUNSEL REPORT**
Bucket Trucks.)
)
_____)

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] upon the Petition of Guam Power Authority ["GPA"] for PUC Review and Approval of GPA's Procurement of Bucket Trucks.¹

BACKGROUND

2. In GPA Docket 15-19, GPA sought approval of its FY2016 Capital Improvement Project Cap in the amount of \$12,067,780. Included by GPA as items in the CIP Budget Request were 3 65-ft. and 3 55-ft. Bucket Trucks at a cost of \$1.7M.²
3. The PUC approved the ceiling cap in the amount of \$12,067,780, but required GPA to seek approval from the PUC for procurement authority through the Contract Review Protocol before it expended the amounts for the bucket trucks of \$1.7M.³
4. In accord with the prior PUC Order, GPA now seeks to procure 6 bucket trucks to replace 6 existing Bucket Trucks which range in age from 17 to 25 years.⁴
5. GPA submits that the replacement of the bucket trucks is necessary to ensure that GPA has adequate bucket trucks for T&D Operations.⁵
6. In support of its Petition, GPA has provided the PUC with Consolidated Commission on Utilities (CCU) Resolution No. 2015-42, which approved the CIP budget including the request for 6 bucket trucks.⁶

¹ GPA Petition Approval of the Procurement of Bucket Trucks, GPA Docket 15-23, November 19, 2015.

² PUC Order, Request of GPA to Approve FY2016 CIP Ceiling Cap, GPA Docket 15-19, dated September 24, 2015, at p. 3.

³ Id.

⁴ GPA Petition for Approval for the Procurement of Bucket Trucks, GPA Docket 15-23, filed December 19, 2015, at p.1.

⁵ Id.

7. GPA submits that the PUC should approve its request to proceed with their procurement of replacement bucket trucks, as "the replacement of the bucket trucks is necessary to ensure GPA has adequate bucket trucks for T&D Operations, and is reasonable, prudent and necessary".⁷

ANALYSIS

8. The PUC previously approved funding for the 6 bucket trucks as part of the FY2016 CIP Budget, requiring only that GPA seek approval for the bucket trucks under the Contract Review Protocol prior to expending the amount of \$1.7M.⁸
9. GPA has identified the need for 6 bucket trucks to replace and supplement GPA's existing fleet. GPA would issue bids for this equipment by December 2015, with final delivery no later than August 2016.⁹
10. GPA indicates that capital investments in transportation are necessary to meet its mission requirements for power generation and delivery. The 55-ft. and 65-ft. Bucket Trucks will give the Authority's Transmission & Distribution personnel the capability and capacity to perform new installations to support customer growth and to maintain the overhead power system.¹⁰
11. GPA's analysis establishes that it will not be economical to repair the existing bucket trucks, as they are for the most part beyond their useful lives. Over the past three years there have been substantial repair costs for these trucks in an amount over \$150,000. Two of the bucket trucks were basically not used at all. One of the trucks was only used for 130 miles in 2015. The other three bucket trucks had mileage usage in 2015 ranging from 3225.8 to 1617.8.¹¹

⁶ GPA Petition for Approval for the Procurement of Bucket Trucks, GPA Docket 15-23, filed December 19, 2015, at pgs.1-2.

⁷ Id. at p. 2.

⁸ PUC Order, Request of GPA to Approve FY2016 CIP Ceiling Cap, GPA Docket 15-19, dated September 24, 2015, at p. 3.

⁹ GPA Petition for Approval and Procurement of Bucket Trucks, GPA Docket 15-23, filed November 19, 2015, "Transportation Heavy Equipment Bucket Trucks "and Cost-Benefit Analysis attached thereto.

¹⁰ Id.

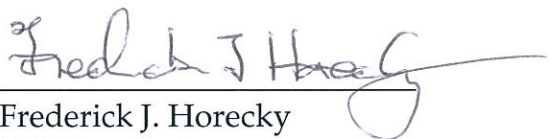
¹¹ Id.

12. Given the age of the existing trucks, the assessment is that all of them would require substantial repairs to be operational on an ongoing basis; although 3 of the trucks are presently "operational", they would also require substantial repairs.¹²
13. GPA has established that replacement of the bucket trucks is critical in sustaining operations to meet power generation and delivery requirements.¹³
14. The Cost-Benefit analysis also indicates that there would be a beneficial cost-benefit ratio with the purchase of the new bucket trucks and replacement of the old trucks: a present value of future benefits in excess of \$2M over the assumed useful life of 15 years.¹⁴
15. It may be, however, that GPA will be able to garner some additional useful life for certain of the bucket trucks, official vehicles #1575 and #3957. These vehicles appear to have provided GPA with at least some useful service in 2015 and may have additional useful life.¹⁵

RECOMMENDATION

16. Counsel recommends that the PUC approve GPA's Petition to procure Bucket Trucks.
17. GPA should be authorized to expend the amount of \$1.7M for the bucket trucks.
18. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 6th day of December, 2015.


Frederick J. Horecky
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¹² Id at p. 4.

¹³ Id.

¹⁴ Id at p. 2.

¹⁵ Id at p. 3.