



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:) GPA Docket 16-06
)
The Petition of the Guam Power Authority))
for Approval of the Bond Fund) **ORDER**
Reallocation for the Dededo CT PMC.)
)
_____)

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 Bond Fund Reallocation for the Dededo Combustion Turbine Performance Management Contract.¹

BACKGROUND

2. On January 25, 2016, the PUC approved GPA’s award of a five year PMC contract to Taiwan Electrical and Mechanical Engineering Services [“TEMES”] for the management, operation and maintenance of the Dededo Combustion Turbine Units 1 & 2, the Yigo Combustion Turbine, and the Macheche Combustion Turbine.²
3. GPA indicated that the rehabilitation costs for the Dededo Combustion Turbines would be over \$6M. GPA planned to reprogram funds from various bond projects in order to fund the rehabilitation costs.³
4. While approving the award of the PMC contract to TEMES, the PUC required that GPA file its application to reprogram 1999 and 2010 Bond Funds with the PUC.⁴
5. GPA’s present Petition indicates that GPA intends to fund various repairs for the Dededo CT Plants, such as generator rotor repair and replacement of Switchgear, from the reprogramming of \$1.2M from the 1999 Bond Funds, and \$5.16M from the 2010 Bond Funds.⁵

¹ GPA Petition for Approval of the Bond Fund Reallocation for the Dededo CT PMC, GPA Docket 16-06, filed April 11, 2016.

² The PUC Order, GPA Docket 15-22, dated January 25, 2016.

³ Id. at p. 3.

⁴ Id. at p. 4.

⁵ GPA Petition for Approval of the Bond Fund Reallocation for the Dededo CT PMC, GPA Docket 16-06, filed April 11, 2016, at p. 1.

6. In Consolidated Commission on Utilities ["CCU"] Resolution No. 2016-02, the CCU authorized the General Manager, subject to the approval of the PUC, to reprogram 1999 and 2010 Bond Funds in the amount of \$6,032,000 to fund the rehabilitation of the Dededo CTs.⁶
7. PUC Counsel filed his Report on April 23, 2016; the PUC adopts the Recommendation in the Report.⁷

DETERMINATIONS

8. GPA requests the reallocation of bond funds in the amount of \$6,360,000, as set forth in the table attached hereto as Exhibit "A".⁸
9. In its January 25, 2016 Order, the PUC determined that the Dededo CT Plant rehabilitation was a worthwhile and necessary project to provide additional generation capacity for the island wide power system.
10. The Dededo CT will provide dedicated support to Anderson Air Force Base Substation via an underground 34.5kv line.⁹
11. Repair of the Dededo CTs provides a positive cost-benefit ratio; availability of the units for dispatch, power to the IWPS (including military loads at Anderson Air Force Base), and improved system reliability and life extension of the Combustion Turbines.¹⁰
12. The Bond Reallocation Spreadsheet (attached hereto as Exhibit "B"), prepared by GPA Assistant CFO Cora Montellano, indicates that both GPA Management and the Consolidated Commission on Utilities have recommended the application of 1999 and 2010 bond funds for these rehabilitation purposes.¹¹

⁶ Consolidated Commission on Utilities Resolution No. 2016-02, Authorizing Management of the Guam Power Authority to Petition the PUC and Award Services for a Performance Management Contract for GPA's Combustion Turbine Power Plants, adopted January 26, 2016, and Exhibit C to the Resolution.

⁷ PUC Counsel Report, GPA Docket 16-06, filed April 23, 2016.

⁸ Dededo CT Return to Service, Project Description and Justification, attached to GPA's Petition in the instant Docket.

⁹ Id.

¹⁰ Id.

¹¹ Bond Reallocation Spreadsheet, prepared by GPA CFO Cora Montellano, GPA Docket 16-06, submitted on April 21, 2016.

13. The Spreadsheet indicates, however, that the amounts approved for reallocation, as well as the projects from which funds are to be reallocated, differ in the GPA Petition and the CCU Resolution. The GPA Petition requests the reallocation of \$6,360,000 for reallocation, whereas CCU Resolution No. 2016-02 approved the reallocation of \$6,032,000.
14. Nearly \$3M of the reallocated funds in GPA's Petition are from excess project funds or from completed projects. Other projects, from which bond funds will be reallocated, may be funded from internal CIP funds.
15. GPA should be given some discretion and latitude to determine which projects are a priority, and when funds should be transferred from one project to another. Transferring the bond funds to the Dededo CTs, given the current generation shortage, is appropriate and necessary.

ORDERING PROVISIONS

After review of the record herein, including GPA's Petition for Approval of the Bond Fund Reallocation for the Dededo CT PMC, 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. GPA's Petition for Bond Fund Reallocation for the Dededo CT PMC is approved.
2. Such Bond Reallocation is necessary so that GPA can fund the rehabilitation and repair of the Dededo CTs.
3. However, in its Petition, GPA approved a different total amount for bond reallocation, and different amounts from at least some sources, than were approved by the CCU.
4. The bond reallocation requested in GPA's petition in the total amount of \$6,360,000, and the project sources indicated in the Petition, are approved.
5. PUC approval is subject to ratification by the Consolidated Commission on Utilities of the amounts and sources requested in GPA's Petition. PUC should not give an unrestricted approval to reallocation fund amounts or project sources that have not been approved by the CCU.

6. 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 §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the Public Utilities Commission.

Dated this 28th day of April, 2016.

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
Commissioner

Reallocation of bond funds.

**BOND FUND REALLOCATION
FOR DEDEDO CT RETURN TO SERVICE**

	Project Name	Status	Funding Source	Available Funds/ Approved Budget	Latest Eng'g Estimate	Commitment to Date	Transfer to Dededo CT
1	1999 Construction Bond Fund	Excess	1999	\$ 1,200,000			\$1,200,000
2	Underground Fuel Pipeline Conversion	On-Hold	2010	\$ 2,150,000	\$ 2,150,000	\$ 156,000	\$1,994,000
3	P003 Underground Extension to Port Authority	Completed	2010	\$ 4,775,650	\$ 4,775,650	\$ 2,613,297	\$ 691,000
4	Cabras 1&2 CIPs	Construction	2010	\$ 8,094,000	\$ 8,041,000	\$ 6,614,000	\$1,427,000
5	Cabras 3&4 CIPs	Completed	2010	\$ 8,690,000	\$ 8,503,000	\$ 7,455,000	\$1,048,000
Total transfer available for Dededo CT							\$6,360,000

**BOND FUND REALLOCATION
FOR DEDEDO CT RETURN TO SERVICE**

	Project Name	Status	Funding Source	Available Funds/ Approved Budget	Latest Eng'g Estimate	Commitment to Date	Transfer to Dededo CT	Per CCU Resolution	Comments
1	1999 Construction Bond Fund	Excess	1999	\$ 1,200,000			\$ 1,200,000	\$ 840,000	1999 Construction Fund balance was reconciled and will be closed out,
2	Underground Fuel Pipeline Conversion	On-Hold	2010	\$ 2,150,000	\$ 2,150,000	\$ 156,000	\$ 1,994,000	\$ 1,994,000	\$1.2 million is the actual excess bond fund
3	P003 Underground Extension to Port Authority	Completed	2010	\$ 4,775,650	\$ 4,775,650	\$ 2,613,297	\$ 691,000	\$ 661,000	No change
4	Agat Village Pole Hardening & Hybrid	Completed	2010	\$ 4,367,000	\$ 4,367,000	\$ 4,305,000		\$ 62,000	\$691K is the actual project cost under run
5	Cabras 1&2 CIPs	Construction	2010	\$ 8,094,000	\$ 8,041,000	\$ 6,614,000	\$ 1,427,000	\$ 1,427,000	Excluded, only \$62K is available
6	Cabras 3&4 CIPs	Completed	2010	\$ 8,690,000	\$ 8,503,000	\$ 7,455,000	\$ 1,048,000	\$ 1,048,000	No change
Total transfer available for Dededo CT							\$ 6,360,000	\$ 6,032,000	